



**ENOCH MGIJIMA**  
**LOCAL MUNICIPALITY**

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# Enoch Mgijima Local Municipality

**FINAL BUDGET**

**MEDIUM TERM REVENUE**

**EXPENDITURE FRAMEWORK**

**FOR**

**2018/19 – 2020/21**

**TABLED 31 MAY 2018**

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## Mayor's Report

Good Morning.... Thank you for joining us this morning as I deliver the 2018 State of the Municipal Address and table our second annual budget.

Honourable Speaker, Fellow Councillors, Ladies and Gentlemen - on 3 August 2016, multitudes of our people from former Nkwanca, Tsolwana and Lukhanji demonstrated their abiding respect for the democratic ideals enshrined in our Constitution by turning out in good numbers to swell the voting booths and making history. It was on this day, almost 1 year and 9 months ago, that Enoch Mgijima Local Municipality was born. The 2016 local government elections will be remembered as one of the most exciting, intense, competitive, aggressive and yet smooth and peaceful elections in the short history of our democracy.

Of course, at the heart of that elections were critical choices that our people had to make. The choices were themselves dependent on their attitude to the central question of the meaning of the past twenty-four years of freedom and democracy for their social and material conditions of life. We had conservative forces that were hell-bent on convincing our people that their social conditions deteriorated and gotten worse during the past 23 to 24 years, all in the hope that the principal political organ of the people, the African National Congress, would be defeated. We, in the broader democratic movement simply had to point to the massive strides and improvements made during democratic rule to dispel all their fabrications.

The undeniable and compelling triumph of the democratic forces led by the ANC on 3 August 2016 is an irretrievable testimony of our people's attitude to the meaning of the past 24 years of democratic governance under the leadership of the ANC government.

The ANC emerged victorious from the 2016 elections because our people felt we remained the vehicle best equipped to lead the process towards the realisation of their aspirations and desires. Our mandate has been extended and we have been entrusted with the responsibility to continue the transformation and development of our society because our people best understand the scale of the challenges ahead.

As we embark on a new financial year, we do so with more courage to make sure that the refrain of *"Thuma Mina"* sounds louder in this year, the year we honour the legacy of two of our greatest leaders, Nelson Mandela and Albertina Sisulu. It is them that taught us the importance of service, humility, hard work, sacrifice and respect for the people. We, therefore, pledge once again to honour the wishes and desires of our people as expressed in the central theme of our manifesto that of *"Putting people first and engaging with communities"* by strengthening a democratic culture that is accountable and responsive.

In this regard, I am pleased to report that we have made it a point that our communities had an insight into the IDP and budget as we have embarked on an extensive outreach programme to all 34 wards clustered to discuss our draft budget. We have done that to heed the call of the Freedom Charter to allow *"the people to govern"*, to allow our people to have a say in how they want to be governed during the forthcoming financial year, to build on the principle of "community participation" as envisaged in our Constitution and local government legislation.

Honourable Speaker, fellow Councillors, this meeting would not have been proper if we did not solicit the input, negative or positive, from the constituencies we serve. We need to continue this trend of involving our

communities in matters affecting them. In this regard, fellow Councillors we need to heed to the resolutions adopted by the ruling party at its 54<sup>th</sup> National Conference in December 2017. As local Councils, we have been directed to re-examine the role and orientation of the Ward Committee system including community participation strategies. Every effort should be made for it to be strengthened to improve service delivery and promote social cohesion. Honourable Councillors, my office will soon announce a programme where all wards will be visited together with respective ward Councillors and ward committees in each ward. I will announce further details in due course.

Fellow Councillors, you are aware that just about two months ago you handed me unenviable task of leading this young and noble institution. As a politician, I did not ask any questions on the deployment decisions taken by my party. This is hardly a job that one just accepts without taking hard and tough political considerations. Be that as it may, Council in its wisdom, displayed confidence in me to lead the institution to political stability.

I have arrived at a time when our Municipal Manager just assumed his role as Accounting Officer after the municipality has been without one almost since inception. On my arrival, I learned that the entire Council and Management emerged from a Strategic Planning Session in January where a number of issues of strategic importance came under the spotlight. Councillors and management were introduced to the immense challenges of putting in place governance structures appropriate to map out the road to stability and sustained service delivery.

Today I will talk about changes in governance in order to serve the people of Enoch Mgijima better. Some of these changes are painful but necessary. We must make hard decisions and smart choices. The roadmap as agreed to at the strategic planning session and adopted by Council is clearly set out in the Operational Plan developed for all the strategic planning resolutions. We, therefore, know what must be done.

Honourable Speaker, Fellow Councillors, allow me to briefly fill you in on the progress made since the adoption of our roadmap in January and February earlier this year.

#### 1. Good Governance & Public Participation

On the area of Good Governance and Public Participation, we set ourselves about 16 strategic focus areas which include among others the development of policies, the review of representation on governance structures, the development of a delegation framework, establishment of a Whippery, Women's Caucus, Ethics and Rules Committees, etc. I am pleased to report that significant progress has been made with the implementation of all resolutions in so far as those relevant to Good Governance and Public Participation are concerned. You will recall that we recently had a comprehensive policy workshop where we engaged each other on all important policies. Those drafts are now ready for submission and adoption at our next Council meeting in June. The implementation of the Satellite model and new organogram is gaining momentum with various vacancies already advertised and some in various stages of being filled. The internal capacity of our Technical Service Directorate has received a boost with the recent appointment of a much needed GMR 2 Manager as well as a Civil Manager has been appointed and has started working.

## 2. Corporate Services

The 2016 local government elections brought new challenges in the Human Resources Management environment. The amalgamation of the three erstwhile entities meant the rebirth of a new entity. It necessitated a review of structures and systems in an endeavour to accommodate the new Enoch Mgijima Municipality. Amongst many challenges the new entity had to deal with was the:

- Review/development of a new organisation structure
- Review/development of new policies
- Address placement of employees
- Address relocation of employees
- Establishment of Local Labour Forum
- Engage in change management exercises

All the above occurs at a time the finances of many public service institutions dwindle due to various economic factors. However, with the little resources available we achieved many of the challenges associated with amalgamation. The staff compliment we inherited from the three erstwhile entities is more than 800 and that includes more than 300 temporal/casual employees. We have a nasty history of Workforce Casualization inherited from all the three merging municipality. It is the process which employment shifts from a preponderance of full-time and permanent positions to casual and contract positions. We have taken a conscious decision to stop this nasty practice. I am pleased to report during the past year we have absorbed 47 casual and contract workers into permanent positions and we anticipate absorbing a further 20 during the course of the coming few months.

More than 30 Human Resources policies were also inherited. More than 1000 different records have been received from three different entities and have been relocated to our head office in Komani.

Our Information and Communication Technology (ICT) systems have been seamlessly integrated, thus making it easier to integrate our financial system. Currently, we are operating one financial system. Although fleet management is a challenge, successes are being made with our banking institution in soliciting a fleet management system to assist in managing the fleet.

We call this phase in our amalgamation transition a normalisation phase, by implication that suggests that there are still challenges ahead. We are ready to attack those challenges head-on. We have prepared various internal structures to strengthen municipal governance and accountability. Through these structures, we shall attend to each challenge using right channels and platforms.

## 3. Public Safety

Our Public Safety Directorate provides a wide range of services that aim to improve the general safety and therefore the quality of life of all residents and visitors to the Enoch Mgijima Municipality. Our Traffic

Section operated under severe pressure during the past 12 months with only one capturing system for the application and renewal of driving licenses. This had a tremendous effect on our turn-around times and through our constant persistence and pressure, the Department of Transport installed three additional units which reduced the waiting time at the testing Centre. Residents in Tarkastad and Hofmeyer will soon be able to acquire learners and drivers licenses locally. The licensing centre in Tarkastad will soon be operational and that will enable many residents to acquire driving skills and improve their opportunities for finding employment. The operationalization of satellite stations in Whittlesea, Tarkastad, Hofmeyer, Molteno and Tarkastad will be one of the key priorities of the Public Safety Directorate during the forthcoming financial year.

#### 4. Human Settlements

The demand for housing in the entire Enoch Mgijima Local area remains high. The housing backlog is estimated to be in the region of 37 000 units for the entire 34 wards. This is in contrast with the National Housing Needs Register which reflects a backlog of 22 937. We have earmarked 5,2 hectares of land for the relocation of informal settlements. Sites initially identified and set aside did unfortunately not pass the evaluation of the National Housing Authority for reasons that it was in a flood-prone area.

In 2017, Enoch Mgijima applied for housing developer status and once we have obtained such the municipality will be able to manage the development of sustainable settlements and the beneficiary administration across the spectrum.

With regard to the status of housing projects for the 2017/18 financial year, I wish to report that in the Molteno/Hofmeyer area, we obtained approval for 1361 units with 613 completed and 726 rectified; Tarkastad/Hofmeyer – 4600 approved while 930 have been completed. In the Komani area, we have a running project consisting of 1279 units. Approval has been obtained for 4779 pre-1994 rectifications with while 2778 has been completed.

We have identified several land pockets for sale within the entire Enoch Mgijima area. These properties will be available as part of the first phase of a comprehensive alienation plan. The sale of land will allow for expansion in residential, business and industrial areas and augment our revenue. The value of the identified properties is over R42 million.

#### 5. Community Services

The South African Constitution (Act 108 of 1996) states that the people of South Africa have the right to an environment that is not detrimental to human health. It imposes a duty on the state to promulgate and to implement policies to ensure that this right is upheld. All departments of state or administration in national, provincial or local levels of government have similar obligations.

It is against this background that Enoch Mgijima put waste management amongst its top priorities. The municipality has and will continue to ensure a minimum of once a week refuse collection to all households. We intend to expand this service to areas that didn't have it before.



Our biggest challenge is illegal dumping that is taking place in all our areas. We quite understand that there are times where the Municipality is unable to collect refuse because at times our trucks went for repairs, but that doesn't mean that people can start dumping.

In the forthcoming financial year, we are going to vigorously embark on Cleaning Campaigns in all our wards. We call on all members of the Community to join us as we embark on this journey. We want to bring our municipality to its former glory of being the Cleanest Municipality in the Province.

The Ashley Wyngaard Library is currently under renovation with funding from DSRAC to the tune of R7,2 M.

We have secured a funding of R30 million from DEA for the construction of the Buy-Back Centre at Ezibeleni and the construction of Transfer Stations in Mlungisi, Lesseyton and Ilinge.

#### 6. Integrated Planning and Economic Development (IPED)

At the beginning of the 2017/18 financial year, Council resolved to do away with consultants when reviewing the current IDP whose tenure comes to an end on the 30 June 2018. Despite the limited resources at its disposal, the council managed to achieve this target as the 2018/2019 IDP (which is on the agenda today for consideration) has been completed without the use of consultants. It was done within the legislated timelines.

Key to the above task was to ensure that it performed with the maximum participation of Enoch Mgijima Local communities as expounded in chapter 4 of the Local Government Municipal System Act, Act 32 of 2000. This was to be done in two phases i.e. needs identification as well as the Mayoral Outreach Programme which took place between the 8<sup>th</sup> and 22 May 2018. The Mayoral outreach touched all wards although clustered and was a huge success.

With regards to Economic Development, a lot is being done in our space, not only by the local municipality but also other role players in the Local Development space. Ours is mainly to ensure all the work that is undertaken in our local space is done in a coordinated manner and that it is in line with the principles of chapter 3 of the Constitution which encourages cooperative governance between the three spheres that constitutes government. To achieve that, we have agreed to undertake a process that we call "NORMALIZATION" process whose aim is to ensure that all systems are put in place for the municipality to function optimally. And as part of that normalization process, a project of developing a Local Economic Development Strategy has just been started and will be completed by the end of September 2018. Again, this is to be done in-house with the full participation of all key role players as was the case with the IDP.

Performance Management is a management tool which seeks to ensure that things are done properly and on time. Currently, the municipality has adopted a Balanced Scorecard Performance Management System which is applicable to only the Municipal Managers and Directors reporting to him. It is our wish

that it would be applicable to middle management come the beginning of the 2018/2019 financial year. This year, two reviews have been undertaken thus far and the municipal council was found to be performing at 67% overall as at 31<sup>st</sup> March 2018. We have set ourselves a target of reaching our optimal functioning capacity when we undertake our annual review in September 2018.

An automated system which will assist in ensuring that underperformance is detected early and corrective measures put in place is in the process of being procured. This automated system will help a great deal in improving performance of the municipality.

## 7. Technical Services

The provisioning of a stable electricity supply remains one of our biggest priorities. To improve the levels of services we provide in this arena we have developed and adopted a business plan at our December 2017 Council meeting. Other issues that we have dealt with to increase our capacity to provide a stable supply include:

- The installation of switchgear in Ezibeleni substation. This resulted in a significant reduction in major interruptions in the area.
- We have continued with routine and necessary maintenance of various substation in town, Mlungisi, and Queendustria.
- The electrification of 500 houses in the Molteno housing development has commenced and should be completed by the end of June.
- We have appointed a Service provider to assist with revenue collection by auditing Meters and reduce tampering. Thus far 25 539 meters have been audited. On those meters audited, 14 787 were found to be tamper-free. This is an indication of the massive problem of meter tampering we still need to eradicate.

Our Project Management Unit has been particularly busy during the year. The unit reported the following achievements:

- Construction of the Lesseyton Shearing Shed that will be completed by the 14<sup>th</sup> of June while the
- The planning phases for Sportfields in Lessyton and McBride have been completed.
- In Ilinge we can report that work on the Cemetery will be completed by no later than the end of June 2018.
- Work has commenced on the Whittlesea Town Hall in Ward 26 and we anticipate completion later this year in September.
- The inter-modal Transport facility is completed and awaits official hand-over.
- The construction of gravel roads in wards 30 is in progress and so is the surfacing of gravel roads in Sterkstroom and Molteno. Completion is anticipated to be in September while we plan to complete those in Ezibeleni and Mlungisi in December.

Regarding Roads and Stormwater, I am glad to report that stormwater problems in Town, Mlungisi, Ezibeleni, Tarkastad, Molteno and Whittlesea are being addressed on an on-going basis.

We have contracted a service provider to supply of cold mix Asphalt and the patching of potholes now receive constant attention.

5km of Gravel roads are completed in ward 3 Machibini, 2km in ward 6, 5km in ward 23 and 5 km is under construction in Ward 26 in Sada. 2 X Culvert bridges are 95% complete in Machibini ward 6.

Honourable Speaker, Fellow Councillors, Ladies and Gentlemen, I am not going to dwell on the many challenges that continue to beset this young entity. You are all very aware of the many obstacles we face and in a way, we need to agree that we completely underestimated the complexities of mergers. We cannot, however, lay all blame for our problems at the door of amalgamation. My sense is that not enough has been done to prepare all of us for the merger, hence the teething problems we still face. There is ample evidence that this Council and management have tried everything possible over the past 20 months to get this new establishment on its own feet and to steady the ship.

What I have attempted to do by way of precluding my thoughts on the expenditure framework, was to briefly reflect on the positive - what has been achieved - what has not been achieved and later, what plans are in place to address our shortcomings. I was hoping to sketch a picture of where we are now, how we got there and where we should go next. I would like to believe that we have not done so bad under the circumstances, but we certainly cannot rest as there is obviously have much more to be done.

Speaker, we live in a fast-paced world where things change by the minute. It is not unusual to set a course and an agenda, then being forced to quickly rethink that agenda and set a new course, develop a new vision before the ink dries on your original plan. This is the nature of politics and government today; this is the nature of life today.

Many long for a slower pace and look back to the good old days. We do not have this luxury. We either must swim into the current or be swept along by it into deeper water not knowing what our fate will be. We must be the master of our fate. We must understand and realize that we must adapt to our surroundings and be willing to challenge the normal range of thinking and think and work outside the norm.

The current situation requires us to be creative and learn the art of thinking and planning beyond the ordinary. When we do so, let us not forget our obligations to our people. We are morally and legally bound to those who have elected us to this Council. These are the masses of our people, most of who are poor and barely eke out a living. It is these masses that on the 3<sup>rd</sup> of August 2016 entrusted us, as Councillors, with the duty and responsibility to serve them to the best of our ability and to the optimum application of the resources available. They trust that, given our many years of relentless struggle against injustices of the past, we will display the same commitment, courage, vision and leadership in ridding them of the remnants of apartheid.

As a Council, we were faced with two choices. Either we could continue going on from day to day, dealing with problems and crises as they come up. Or we could try and set ourselves on a new developmental path and set a vision of how things could be turned around and improve. Looking at the many problems around us, it is very clear

that Enoch Mgijima is in urgent need of a change in direction. This change in direction has already been commenced with at the Strategic Planning Session in January. We now have to stick to the noble vision we crafted there and also look at how best we can address the many audit shortcomings highlighted by the Auditor General.

This reminds me of what St Francis of Assisi once said. He said and I quote ...” *Start by doing what's necessary, then what's possible, and suddenly you are doing the impossible.*” I think this thought is so relevant to the circumstances we find ourselves in and perhaps the strategy we need to adopt going forward.

We need to be focusing on the basics - rebuilding people's confidence in local government and the municipality. We need to work on building positive relations and attitudes amongst ourselves, bring the business community closer to governance, fix street lights, fill potholes, rebuild our gravel roads, persuading investors to come to Enoch Mgijima, and so forth. National Treasury agrees with this approach. They indicated that a minimum of 40% of our capital budget should be for renewal as opposed to new infrastructure. You will notice from your budget documents that the 2018/19 budget reflects “renewal” expenditure of about 34% of the capital budget. This is a massive 13% more than what was provided for in the 2017/18 budget. It is our intention to continue working towards this goal in future budgets.

Fellow Councillors, this morning I wish to introduce a budget of R778.2. This budget is based on simple logic. We cannot spend more than we collect. If we increase spending in one area we will have to take away from another. Our collection rate is not yet at a point where we can be comfortable. This budget is tight and therefore, demands from us to prioritise our spending and keep it balanced by living within our means. This implies MM that we seriously start avoiding expenditure that could later be classified as irregular. The Auditor General pointed out that irregular expenditure was one of the main reasons for the poor audit outcomes in the 2016/17 financial year. Throughout the country, irregular expenditure at municipalities increased from R16,2 Billion in 2016 to 28,3 Billion last year.

The 2018/19 Budget balances expenditures with revenues and available cash balances as required by the MFMA. In addition, we anticipate moving towards our goal of maintaining an operating cash reserve of at least 30 days. To achieve this ideal will be quite challenging. The current economic climate coupled with rising unemployment, a decline in equitable share and conditional grants allocations and an increase in the demand for services among others will place stress on our consumers' ability to pay for services. We should, therefore, be wary of the fact that it will become even more difficult to collect revenue. We will, therefore, have to identify alternative sources of revenue, improve our operational efficiencies, maximize our resource utilization, perhaps restructure our asset portfolio and explore alternative funding models.

In this regard, I wish to mention for the benefit of those who don't know, that my party, the African National Congress, at its December 2017 conference specifically resolved that the financing model and the Equitable Share for local government be reviewed in order to align resources with Constitutional mandates. It was further resolved that the system of intergovernmental grants should be restructured and that local government's own revenues and revenue collection efforts must complement the proportion of the fiscus made available to municipalities. Those resolutions, fellow Councillors, are indeed what a caring organization is all about.

Fellow Councillors, the Operational Revenues for the 2018/19 financial year are anticipated to reach R664 Million while the Capital Budget, funded from a blend of conditional grants and own funds will amount to R R61.2 Million.

National Treasury allocated an amount of R164 Million for the Equitable Share which is about R4.6 Million more than what we received in the 2017/18 financial year. Enoch Mgijima will receive R176.2 million in 2019/20 financial year and R189.8 million in 2020/21.

In many cases revenue billed is much higher than cash collected on that billing. An offsetting bad debt expense is also included for each billed revenue vote. This expense must be considered in any revenue discussion. Consequently, provision has been made on the budget for bad debt as follows:

- Electricity R5.3 million
- Rates R6.3 million
- Refuse Collection R6.9 million

Provision has been made for a 7% increase in employee salaries and benefits while further provision has been made for an increase in the Councillor remuneration budget from R28.4 million in 2017/18 to R30.2 million in anticipation of 2018/19 increases.

A limited amount has been made available for the filling of some vacancies in line with the new organogram. Due to our financial constraints, Councillors, the full organogram will not be implemented in full during the forthcoming financial year. Vacancies will be filled in a phased and disciplined manner as and when savings are realized.

An amount of R222.6 million has been set aside to cater for the anticipated 6,4% increase in bulk electricity purchases. Electricity losses which now stand at 28.6% are anticipated to decrease in the 2018/19 MTERF after the completion of the Electricity Meter audit.

An amount of R8.3 million has been allocated in the operating budget for normal street maintenance and patching of potholes. This is an increase of R5.1 million from the 2017/18 allocation of R3.2 million. This is in addition to what has been allocated in the Capital budget.

An amount of R1.5 million is included in the capital budget for the purchase of small equipment and machinery. Part of this allocation amounting to R800 000 will be used to purchase stackable chairs for community halls.

Provision has also been made for the electricity network repairs and purchase of the electricity transformers during the course of the year. An amount of R8.3 million has been set aside for this purpose. This shows an increase of R3.7 million from the 2017/18 financial year allocations.

Many of our community halls are in desperate need of renovation. An amount of R2.2 million has been set aside in the 2018/19 financial year for the refurbishment of our community halls.

Honourable Speaker, Fellow Councillors, as I have mentioned earlier, our R778.2 million budget includes an amount of R61.2 Million for expenditure on capital projects. This amount has been allocated as follows:

1. Qwabi Bridge over Kuzitungi River Phase 2 in Ward 2 will receive an allocation of R6.9 million.
2. The Community Lightning programme phase 4 will only receive an allocation of R4.3 million in 2020/21.
3. Construction of community hall in Ward 26 in Whittlesea will continue to receive attention in line with the municipality's strategic objectives. The municipality has provided R8.8 million in the 2018/19 financial year to complete the project.
4. Upgrade of rural gravel roads will receive R4.1 million in the 2018/19 budget with a further R4.0 million allocated in the 2019/20 financial year. Improvement of rural roads and bridges is among the top priorities in the 2018/19 MTREF to assist economic growth by connecting the rural areas to the main towns.
5. During the IDP road shows the construction of shearing sheds were identified by a number of communities. In the 2018/19 financial year, an amount of R1.2 million has been allocated to the construction of shearing shed in ward 18. A further funding of R200 000 is allocated to complete the shearing shed that has been started in 2017/18 in Lesseyton.
6. Construction of internal Roads in wards 1 and 2 will receive R4 million in the 2018/19 financial year with a further R2 million and R3.2 million respectively in the 2019/20 and 2020/21 financial years.
7. Surfacing of gravel roads (paving) in Ezibeleni, Mlungisi, Ilinge, Sada and Ekuphumleni will continue to receive funding with R2.2 million allocated in the 2018/19 budget with a further R18.8 million to be allocated in the MTREF.
8. Construction of internal roads in Ward 30 will receive funding of R4 million with a further R2 million and R3.2 million in the two outer years of the MTREF. When completed 10km of access road will be surfaced.
9. Bacclees farm bridge in ward 32 will receive R6.8 million funding in the 2018/19 with a further R700 000 to complete the project.
10. Construction of sports field in Mc Bride will receive R4.5 million in 2018/19 financial year with a further R7.2 million and R6.8 million in the MTREF to complete the project
11. Lesseyton sportsfield will be built at a cost of R18.6 million with R3.5 million allocated in the 2018/19 financial year with a further R15.1 million to be provided in the MTREF to complete the project.

12. A number of sportsfields need to be renovated in the MTREF. The sports field in Sterkstroom phase 2 will receive R2.6 funding in the 2018/19 financial year while R3.0 million will be allocated to the rehabilitation of the Mlungisi stadium in the 2020/21 financial years. Rehabilitation of Dongwe stadium will receive R3.422 million in the MTREF.
13. The state of the Lukhanji cemetery and many others in the Enoch Mgijima Locality are a major concern to the community. Attempts have been made in the previous budgets to source funding for this project but to no success. In the 2018/19 financial year, an amount of R800 000 will be provided to kick start this project with a further R10.5 million to be provided in the MTREF. The R800 000 for the coming year will be mainly for Environmental Impact Assessment.
14. Paving of access gravel roads in Komani, Whittlesea, Tarkastad, Hofmeyer, Molteno and Sterkstroom have been allocated an amount of R4.9 million and R5.0 million in 2019/20 financial year.
15. Surfacing (paving) of taxi routes in Molteno and Sterkstroom, phase 5 has been allocated an amount of R2 million and a further R6.0 in the 2019/20 financial year. When completed, access road of 6 km will be paved or surfaced.
16. Fencing, construction of Guard House, ablution blocks, Weigh Bridge and Digging of new trenches for Molteno, Tarkastad and Ezibeleni Landfill sites will receive R3 million and R4 million in 2019/20 and 2020/21 respectively.
17. A provision of R1 million has been made in the budget for the establishment of Enoch Mgijima Solid Waste Regional Landfill site.
18. Upgrading of Whittlesea Solid Waste Transfer Station will receive funding of R1 million in 2021 while the construction of the Hofmeyer Solid Waste Transfer Station will also receive a funding of R1 million in the 2020/21.
19. Closure and rehabilitation of Hofmeyer, Ezibeleni and Whittlesea landfill sites and the rehabilitation of used cells/trenches for Ezibeleni landfill site will each receive an amount of R1 million in the 2020/21 financial year.
20. Upgrade of Berry dam picnic area in Komani has been allocated R3.5 million while the upgrading and beautification of Hexagon area in Komani will receive a R3 million. Refurbishment of Whittlesea pound has also been allocated an amount of R2 million. All of these projects will commence in the 2020/21 financial year
21. The electrification of the 425-housing project in Molteno is set to continue with the allocation of a further R6.2 million in the 2018/19 financial year.

22. The Mlungisi stadium sub - station TEE -Switch has been allocated an amount of R7.6 million. Work on this project is set to start in 2019.
23. Other INEP funded projects that will be done in this MTREF include the electrification of Ezibeleni 300 housing projects with an amount of R4.7 million; Electrification of Pola Park 150 housing project with an estimated budget of R2.3 million. The new Rathwick electrification project has been allocated R5.6 million for the completion of that project.
24. Refurbishment of the central substation phase 2 has been allocated an amount of R3 million with an additional allocation of R3 million for the underground T-Switch and overhead - lines. These are set to start in the 2020/21 financial year.

#### Tariff Increases

Mr Speaker allow me now to outline average tariff increases for the new financial year:

- Electricity 6.4% increase
- Rates 5.0% increase
- Refuse Collection 5.0% increase

A detailed listing and explanation of all tariff increases are to be found in your budget document marked as Appendix A.

#### CONCLUSION

Ladies and gentlemen, allow me to conclude. On behalf of my fellow Councillors, I thank you for attending today's Special Council meeting for the adoption of Enoch Mgijima Council's IDP and Budget for the 2018/19 financial year.

In this IDP and Budget, we have made it a point that every one of our 34 ward are catered for. This is a clear indication that the Enoch Mgijima municipality remains a "people-centred" municipality focusing on human development, infrastructure development and economic development as we continue building on the advances that have been made since assuming office in 2016.

Mr Speaker, fellow Councillors the plan and priorities reflected here will only be achieved if we remain united and allow ourselves to obtain strength from this unity. Having just a vision and a plan is no solution on its own. It can only succeed if we put it together with the co-operation of all those in business, youth formations, the religious community, non-governmental and community-based organisations, political parties, and other interest groups.



Perhaps, Mr Speaker, I should say that we can and should act in unity and yet stand opposed to one another as long as we remain vigilant about the principle of serving above self.

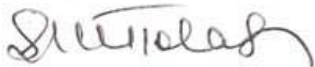
We owe the people who have elected us and more importantly to our forefathers and mother who fought so valiantly to bring us to where we are today. We dare not abuse their trust. On the 18<sup>th</sup> of July we will be celebrating Nelson Mandela Day, and reflect again on his achievements in working towards conflict resolution, democracy, human rights, peace, and reconciliation. This day will be preceded by a Mandela week where we encourage individuals and organisations to participate in Mandela Day in any manner they wish and keeping in mind that the ultimate objective of the day is to inspire others to take action to help change the world for the better. Let us contribute whatever we can to empower our communities all over.

As we honour and pay our respect to Nelson Mandela and Alebertina Sisulu this year, let us also continue building a better life for all as we respond positively to the call of “Thuma Mina”.

Mr Speaker, I now present the Enoch Mgijima Integrated Development Plan and Budget for the 2018/19 financial year. I accordingly MOVE the adoption of the recommendations as listed on pages 4 and 5 of your budget document and items 60 and 61 of your agenda.

I thank you

**N G TOLASHE**  
**EXECUTIVE MAYOR**



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### 3. Budget Related Resolutions

1. Council resolves that in terms of section 24 of the Municipal Finance Management Act, 56 of 2003, the annual budget of the municipality for the financial year 2018/19 and indicative allocations for the two projected outer years 2019/20 and 2020/21 and the multi – year and single year capital appropriations are approved as set-out in the following tables:

- 1.1. Budgeted Financial Performance (revenue and expenditure by standard classification) **Table A2.**
- 1.2. Budgeted Financial Performance (revenue and expenditure by municipal vote) **Table A3.**
- 1.3. Budgeted Financial Performance (revenue and expenditure by source) **Table A4.**
- 1.4. Multi – year and single year Capital appropriations by municipal vote and standard classification and associated funding by source fund **Table A5.**
2. That the financial position, cash flow, cash – backed reserve/accumulated surplus, asset management and basic service delivery targets are adopted as set - out in the following tables:
  - 2.1 Budgeted Financial Position Table **A6**
  - 2.2 Budgeted Cash Flows **Table A7.**
  - 2.3 Cash Backed Reserves/accumulated surplus Reconciliation **Table A8.**
  - 2.4 Asset Management **Table A9.**
  - 2.5 Basic Service Delivery measurement **Table A10.**
- 3 That in terms of section 24(2) (c)(i) and (ii) of the Municipal Finance Management Act, 56 of 2003 and sections 74 and 75A of the Local Government Municipal Systems Act , Act 32 of 2000 as amended, the tariffs for the supply of electricity, waste management services and property rates as set out in **appendix A** that were used to prepare the estimates of revenue by source, are approved with effect from 1 July 2018.
- 4 That in terms of section 5 of the Municipal Property Rates Act, 6 of 2004, the rates policy and its bylaw as amended in 2018 and set out in **Appendix B** is approved.
- 5 Electricity tariffs be imposed at 6.4% approved by Nersa for bulk purchases with effect 1 July 2018.
- 6 Council resolves that all other tariffs and charges reflected in **appendix A** are approved for the budget year.
- 7 Council resolves that the Electricity tariffs for non-indigent consumers be approved with 6.4% with effect 1 July 2018.

- 8 Council resolves that the monthly electricity tariffs for registered indigents for the financial year be approved as follows:
- |                   |                   |
|-------------------|-------------------|
| First 50 Kw       | Free              |
| In excess of 51Kw | Increase of 7.64% |
- 9 Council resolves that the measurable performance objectives for revenue from each source reflected in **table 10** are approved for the budget year.
- 10 Council resolves that the measurable performance objectives for each vote reflected in **section 17** are approved for the budget year 2018/19.
- 11 That in terms of section 24(2)(c )(iv) of the Municipal Finance Management Act, 56 of 2003, the amended Integrated Development Plan as submitted are approved as part of the medium term budget.
- 12 That the **7.0%** provided for salary increases for employees is maintained.
- 13 That indigent income levels are set at the following:
- |                    |        |
|--------------------|--------|
| Destitute indigent | R 1750 |
| Indigent           | R 2540 |
- 14 That in terms of section 24(2)(c )(v) of the municipal Finance Management Act, 56 of 2003, the budget – related policies and bylaw including any amendments as set out in appendix B to the Budget document are approved for the budget year 2018/19.

**ENOCH MGIJIMA LOCAL MUNICIPALITY RESOLUTION ON LEVYING PROPER RATES IN TERMS OF SECTION 14 OF THE GOVERNMENT: MUNICIPALITY PROPERTY TARES ACT, 2004(ACT NO.6 of 2004)**

Note No. 03

Date 2018/05/31

MUNICIPALITY NOTICE NO: 03 OF 2018

NAME OF THE MUNICIPALITY: Enoch Mgijima Local Municipality – EC 139

RESOLUTION LEVYING PROPERTY RATES FOR THE FINANCIAL YEAR 1 JYLY 2018 TO JUNE 2019

Note is hereby given in terms of section 14(1) and (2) of the Local Government: Municipal Property Rates Act, 2004; that the council resolve by way of council resolution number

31/05/2018, to levy the rates on property reflected in the schedule below with effect from 1 July 2018.

Category of property	Cent amount in the Rand rate determined for the relevant property category
Residential property	0.00839055
Business and commercial	0.01060689
Industrial property	0.01060689
Agricultural property	0.00214305
Mining property	0.01060689
Public service infrastructure property	0.00214305
Public benefit organisation property	0.00839202
Vacant Land	0.03918873
Places of Worship	Exempted

Issued by the Department of Cooperative Government on 10 April 2014

Full details of the Council resolution and rebates , reductions and exclusions specific to each category of owners of property on owners of a specific category of property as determined through criteria in the municipality rates polity are available for inspection on the municipality's offices, website ([www.municipality.gov.za](http://www.municipality.gov.za)) and all public libraries.

NAME: CHRIS MAGWANGQANA

DESIGNATION: MUNICIPAL MANAGER

107 CARTCAHT ROAD, 045 807 2606

BUSINESS ADDRESS AND TELEPHONIC DETAIL OF THE MUNICIPALITY

## The BUDGET

### 4 Executive Summary

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The 2018/19 Medium Term Revenue and Expenditure Framework (MTREF) is prepared in line with circular 89 and 91 and is in line with the Municipal Budget and Reporting Regulations (MBRR).

The country's macroeconomic projections show that per capita income will continue to stagnate unless appropriate financial decisions are taken. This implies that a new course of action is required to break the cycle of weak growth, escalating government debt, increasing unemployment and declining investment and business confidence.

The stagnation of the national economy has implications for the local economy as the number of people without job is increasing. As demand for services rises, weak economic growth and high level of unemployment put stress on consumers' ability to pay for services. The increasing unemployment and growth in the number of persons per household means that the revenue forgone in respect of '**free basic services**' will increase and will become even more difficult to collect revenue. In order to project our revenue potential with some measure of accuracy, households that are unemployed should be encouraged to register as indigents for them to receive free basic services.

Transfers from national government to municipalities in the form of equitable share and conditional grants is declining in real terms. This has led to many municipalities fallen into financial distress and face liquidity problems of which Enoch Mgijima municipality is no exception. In the case of our municipality this includes the inability to meet our payment obligations to Eskom and other creditors. There is the need to focus our attention to collecting revenues owed to us while eliminating wasteful and non-core spending. In this regard, we will ensure that expenditure is limited to the maximum revenue collected and not spending on money that we do not have.

The municipality is on the path of financial recovery. The electricity meter audit and replacement project to boost collection of revenue from electricity sales as highlighted in the municipality's Financial Recovery Plan will start yielding the much needed revenue in the first half of the 2018/19 financial year. Currently the municipality is losing between R8.0 million to R10.0 million monthly in electricity revenue. As more revenue is collected in the first half of the year,

more funds will be available for additional own funded projects and programmes in the 2018/19 adjustment budget.

Expenditure is projected to reach R717.0 million in the 2018/19 financial year, revenue from all sources will amount to R664.0 million. There is R44.0 million owed to Eskom as at the end of April 2018. It must be noted that the municipality will have to pay the 2017/18 Eskom arrears with interest during the 2018/19 financial year hence its inclusion in the budget. The municipality has committed itself to funding this arrears through its electricity revenue collection plan as detailed in the municipality's financial recovery plan.

**The Capital Budget** is funded from a blend of conditional grants, and internally generated funds. Capital expenditures for 2018/19 are estimated to total R61.2 million for a variety of projects and purchases, showing a decrease of R6.5 million from the previous 2017/18 financial year.

**Total Budget proposed for the 2018/19 financial year is therefore estimated to reach R778.2.**

In preparing the budget many issues emerged that had to be taken into account. Several assumptions were utilized to produce estimates and forecasts. In addition, many policy decisions were incorporated into this budget document. The following list attempts to give the most significant of these.

### **Operating Revenues**

- Revenues are shown on a 'billed' (or accrual) basis where applicable. In many cases revenue billed is much higher than cash actually collected on that billing. An offsetting bad debt expense is also included for each billed revenue vote. This expense must be considered in any revenue discussion. **Allocations for bad debt** include the following amounts.
  - Electricity 5.3 million
  - Rates 6.3 million
  - Refuse Collection 6.9 million

- **Rates and tariffs** in most cases contain proposed increases. A detailed listing and explanation of these is included in this document (see appendix A). To summarize these recommended increases:
  - Electricity 6.4% increase
  - Rates 5.0% increase
  - Refuse Collection 5.0% increase
- The **Equitable Share** Allocation from the National Treasury is **R164,680,000** showing an increase of R4.6 million from the 2017/18 DORA allocations. The equitable share allocation to the municipality will increase to R176.2 million in 2019/20 and R189.8 million in the 2020/21 financial years. Management is aware of the fact that these increases will not be enough to address the service delivery challenges facing the municipality and has therefore put in place mechanisms to increase its own revenue sources.

### **Operating Expenditures**

- **Employee salaries** and related expenses are increased by 7.0% pending the finalization of the wage negotiations between SALGA and government. Should wage negotiations arrive at a different percentage increase, the municipality will, in its adjustment budget, effect necessary changes to the employee related cost.
- The new organogram is not yet costed for purposes of salary provisions and as a result only few vacancies are included in this budget. It must be noted that the full organogram will not be implemented in the coming 2018/19 financial year as a result of budgetary constraints.
- Municipalities have been advised by National Treasury to budget for remuneration of councilors based on the actual costs approved in line with the latest Public Office Bearers Act issued in December 2017. Councilor remuneration has increased from R28.4 million in 2017/18 to R30.2 million in the 2018/19 draft budget to take care of any anticipated increase in 2018/19 financial year.
- **Electricity bulk purchases** are anticipated to **increase by 6.4%** in the 2018/19 financial year. Electricity bulk purchases will increase to R222.6 million in the 2018/19 financial year. In addition to this an amount of R53.0 million in respect of the Eskom unpaid debt from the 2017/18 financial year will be paid in 2018/19 financial year taking the electricity bill to be paid in 2018/19 to R275.6 million. Electricity losses which stand at the moment at 28.6% are

anticipated to decrease in the 2018/19 MTERF after the completion of the Electricity Meter audit.

- The municipality has no long term loans at the moment but is anticipating taking a term loan during the course of the year for the second phase of the electricity meter audit. Details of this will be brought to council before such loans are taken.
- An amount of **R8.3 million** has been allocated in the operating budget for normal street maintenance and patching of potholes. This is an increase of R5.1 million from the 2017/18 allocation of R3.2 million. This is in addition to what has been allocated in the Capital budget.
- **An amount of R1.5 million** is included in the capital budget for the purchase of small equipment and machinery. Part of this allocation amounting to R800 000 will be used to purchase stackable chairs for community halls.
- The municipality has also made provision for the electricity network repairs and purchase of the electricity transformers in the 2018/19 financial year. An amount of R8.3 million has been set aside for this purpose. This shows an increase of R3.7 million from the 2017/18 financial year allocations.
- Our community halls need renovations. Sada hall and some other halls identified by the Human Settlement and Land department will be renovated with a budget of R2.2 million in the 2018/19 financial year.



ENOCH MGIIJIMA LOCAL MUNICIPALITY					
MTREF OPERATING BUDGET FOR 2018-2019					
DIRECTORATE	KPA	OBJECTIVE	PROJECT	FUNDING SOURCE	2018/19
Budget and Treasury	Financial Viability	To increase municipal revenue by 20% by ensuring full implementation of revenue strategy by June 2019	Salaries and Allowances	FMG	940 000
Budget and Treasury	Financial Viability	To increase municipal revenue by 20% by ensuring full implementation of revenue strategy by June 2019	Improve Audit Outcome	FMG	2 025 000
Budget and Treasury	Financial Viability	To increase municipal revenue by 20% by ensuring full implementation of revenue strategy by June 2019	General Valuation Roll	FMG	2 000 000
Budget and Treasury	Financial Viability	To increase municipal revenue by 20% by ensuring full implementation of revenue strategy by June 2019	Training of Interns	FMG	550 000
Budget and Treasury	Financial Viability	To increase municipal revenue by 20% by ensuring full implementation of revenue strategy by June 2019	Indigent Registration and Verification	FMG	500 000
<b>TOTAL</b>					<b>6 015 000</b>

ENOCH MGIJIMA LOCAL MUNICIPALITY					
MTREF OPERATING BUDGET FOR 2018-2019					
DIRECTORATE	KPA	OBJECTIVE	PROJECT	FUNDING SOURCE	2018/19
Budget and Treasury	Good Governance and Public Participation	Improve internal controls for clean administration purposes by continuous implementation of policies and legislation by June 2018	Improve 2018 /19 Audit outcome	OWN	2 216 000
Budget and Treasury	Financial Viability	To increase municipal revenue by 20% by ensuring full implementation of revenue strategy by June 2019	Improve indigent system /Indigent Registration	OWN	520 000
Corporate Services	Good Governance and Public	To mobilise for a buy in of internal and external stakeholders by June 2019	Establishment of Customer Care Centre	OWN	500 000
Executive Offices	Good Governance and Public Participation	To develop an effective and efficient communication systems that seeks to maximise public participation through involvements of key stakeholders including traditional leaders and designated groups by June 2019	Public Participation	OWN	750 000
Human Settlement	Basic Services and Infrastructure	To provide sustainable human settlement by June 2019	SPLUMA	OWN	750 000
Human Settlement	Basic Services and Infrastructure	To provide sustainable human settlement by June 2019	Whittlesea Town Planning SDF	OWN	500 000
IPED	Local Economic Development	To promote and facilitate economic development through policy and sector development in Lukhanji by June 2019	Support Programmes for the SMMEs and Cooperatives.	OWN	800 000

IPED	Local Economic Development	To promote and facilitate economic development through policy and sector development in Lukhanji by June 2019	Promotion of tourism	OWN	780 000
IPED	Local Economic Development	To promote and facilitate economic development through policy and sector development in Lukhanji by June 2019	Maintenance of Sterkstroom Municipal offices	OWN	600 000
Office of the MM	Good Governance and Public Participation	To develop an effective and efficient communication systems that seeks to maximise public participation through involvements of key stakeholders including traditional leaders and designated groups by June 2019	1. Newsletter and Other Communication Programmes	OWN	800 000
Office of the MM	Good Governance and Public Participation	To develop programmes recognising designated groups by June 2019.	Mayors Cup	OWN	300 000
Office of the MM	Institutional Arrangement and Organisational Transformation	To encourage wellness of employees by June 2019	SALGA Games	OWN	200 000
Office of the MM	Institutional Arrangement and Organisational Transformation	To encourage wellness of employees by June 2019	Support Programmes for Wellness	OWN	300 000
Office of the MM	Good Governance and Public Participation	Improve internal controls for clean administration purposes by continuous implementation of policies and legislation by June 2019	Functioning of Audit Committee	OWN	400 000
Office of the MM	Good Governance and Public Participation	To ensure that performance management system is functional by June 2019	Cascading of Performance management Systems	OWN	500 000

Public Safety	Basic Services and Infrastructure Development	To provide a consolidated project management on infrastructure development within the institution by June 2019	Rehabilitation of Fire services	OWN	510 000
Public Safety	Basic Services and Infrastructure Development	To provide a consolidated project management on infrastructure development within the institution by June 2019	Rehabilitation of drivers testing centre Whittlesea	OWN	400 000
Technical Services	Good Governance and Public Participation	Improve internal controls for clean administration purposes by continuous implementation of policies and legislation by June 2019	Rehabilitation and Maintenance of Hofmeyer Revenue collection unit	OWN	350 000
<b>TOTAL</b>					<b>11 176 000</b>

## **CAPITAL BUDGET**

The capital budget reflected in this document utilizes actual anticipated revenues and surplus cash to fund the budgeted expenditures of **R61.2 million**. This is made up of municipal infrastructure grant of **R50.4 million**, internally generated fund of **R1.5 million**, **R3.2 million in respect of the Whittlesea Small Town Revitalisation Programme to be rolled over from the 2017/18 financial** and **R6.2 million** in respect of Integrated National Electrification Programme (INEP) allocated to the municipality in the Division of Revenue Bill.

National Treasury has also indicated that a minimum of 40% of the capital budget should be for renewal as opposed to new infrastructure. The forthcoming budget indicates that renewal expenditure will amount to 34% of the capital budget from 21.9% budgeted in 2017/18 budget. The municipality will continue to work towards this goal in the near future.

Capital projects to be undertaken in the 2018/19 MTREF are as follows.

- Qwabi Bridge over Kuzitungi River Phase 2 in ward 20 will receive an allocation of R6.9 million in the 2018/19 financial year with a further R8.4million in 2019/20 to complete the project.
- The Community Lightning programme phase 4 will receive funding only in the 2020/21 of R4.3 million. The municipality has noted the many high masts erected over the past years which are not yet connected by Eskom.
- Construction of community hall in ward 26 in Whittlesea will continue to receive attention in line with the municipality's strategic objectives. The municipality has provided R8.8 million in the 2018/19 financial year to complete the project.
- Upgrade of rural gravel roads will receive R4.1 million in the 2018/19 budget with a further R4.0 million allocated in the 2019/20 financial year.

Improvement of rural roads and bridges is among the top priorities in the 2018/19 MTREF to assist economic growth by connecting the rural areas to the main towns.

- During the IDP road shows construction of shearing sheds were identified by a number of communities. In the 2018/19 financial year, Shearing sheds to boost agriculture in the local economy will receive further funding. An amount of R1.2 million has been allocated to the construction of shearing shed in ward 18. A further funding of R200 000 is allocated to complete the shearing shed that has been started in 2017/18 in Lesseyton.
- Construction of internal Roads in wards 1 and 2 will receive R4.0million in the 2018/19 financial year with a further R2.0 million and R3.2 million respectively in the 2019/20 and 2020/21 financial years.
- Surfacing of gravel roads (paving) in Ezibeleni, Mlungisi , Ilinge, Sada and Ekuphumleni will continue to receive funding with R2.2 million allocated in the 2018/19 budget with a further R18.8 million to be allocated in the MTREF.
- Construction of internal roads in ward 30 will receive funding of R4.0 million with a further R2.0 million and R3.2 million in the two outer years of the MTREF. When completed 10km of access road will be surfaced.
- Bacclees farm bridge in ward 32 will receive R6.8 million funding in the 2018/19 with a further R700 000 to complete the project.
- Construction of sport field in Mc Bride will receive R4.5 million in 2018/19 financial year with a further R7.2 million and R6.8 million in the MTREF to complete the project

- Lesseyton sportfield will be built at a cost of R18.6 million with R3.5 million allocated in the 2018/19 financial year with a further R15.1 million to be provided in the MTREF to complete the project.
- A number of sportfields need to be renovated in the MTREF. The sport field in Sterkstroom phase 2 will receive R2.6 funding in the 2018/19 financial year while R3.0 million will be allocated to the rehabilitation of the Mlungisi stadium in the 2020/21 financial years. Rehabilitation of Dongwe stadium will receive R3.422 million in the MTREF.
- The state of the Lukhanji cemetery and many others in the Enoch Mgijima Locality are a major concern to the community. Attempts have been made in the previous budgets to source funding for this project but to no success. In the 2018/19 financial year an amount of R800 000 will be provided to kick start this project with a further R10.5 million to be provided in the MTREF. The R800 000 for the coming year will be mainly for Environmental Impact Assessment.
- Paving of access gravel roads in Komani, Whittlesea, Tarkastad, Hofmeyer, Molteno and Sterkstroom have been allocated an amount of R4.9 million and R5.0 million in 2019/20 financial year .
- Surfacing (paving) of taxi routes in Molteno and Sterkstroom, phase 5 has been allocated an amount of R2.0 million and a further R6.0 in the 2019/20 financial year. When completed, access road of 6 km will be paved or surfaced.
- Fencing, construction of Guard House , ablution blocks, Weigh Bridge and Digging of new trenches for Molteno, Tarkastad and Ezibeleni Landfill sites will receive R3.0 million and R4.0 million in 2019/20 and 2020/21 respectively.
- A provision of R1.0 million has been made in the budget for the establishment of Enoch Mgijima Solid waste Regional Landfill site.

- Upgrading of Whittlesea Solid Waste Transfer Station will receive funding of R1.0 million in 2021 while the construction of the Hofmeyer Solid Waste Transfer Station will also receive a funding of R1.0 million in the 2020/21.
- Closure and rehabilitation of Hofmeyer, Ezibeleni and Whittlesea landfill sites and the rehabilitation of used cells / trenches for Ezibeleni landfill site will each receive an amount of R1.0 million in the 2020/21 financial year.
- Upgrade of Berry dam picnic area in Komani has been allocated R3.5 million while the upgrading and beautification of Hexagon area in Komani will receive a R3.0 million. Refurbishment of Whittlesea pound has also been allocated an amount of R2.0 million. All of these projects will commence in the 2020/21 financial year
- The electrification of the 425 housing project in Molteno is set to continue with the allocation of a further R6.2 million in the 2018/19 financial year.
- The Mlungisi stadium sub - station TEE -Switch has been allocated an amount of R7.6 million. Work on this project is set to start in 2019.
- Other INEP funded projects that will be done in this MTREF include the electrification of Ezibeleni 300 housing projects with an amount of R4.7 million; Electrification of Pola Park 150 housing project with an estimated budget of R2.3 million, The new Rathwick electrification project has been allocated R5.6 million for the completion of that project.
- Refurbishment of the central substation phase 2 has been allocated an amount of R3.0 million with an additional allocation of R3.0million for the underground T – Switch and over -head - lines. These are set to start in the 2020/21 financial year.

Details of these projects and how they link to the IDP goals are provided in this

Budget document



## **Conclusion**

Over the past one and a half years, the Municipality has been working hard to reform its financial position and reporting systems to promote sustainability and conformance to the requirements of the MFMA. Issues of revenue collection to ensure financial sustainability have been given priority. It is envisaged that these targeted interventions will bring the municipality back to financial viability.

Sustainability can mean many different things but at its core is the idea of financial stability and the ability to financially meet the obligations and commitments that are required to deliver the services within the community.

To be credible the budget must be consistent with the IDP and be achievable in terms of service delivery and performance targets. Credible budgets have realistic revenue and expenditure projections and the implementation of it improves the financial viability of the municipality.

One important milestone achieved by the municipality in this year's budget is the effective linking of the budget estimates to the strategic objectives and to the IDP which is in line with the new m SCOA regulations.

The budget as presented in this document meets the requirements of the MFMA and is presented to Council for consideration and review. As this budget goes to the budget roadshow it is anticipated that the community engage on it and provide feedback that will assist in the development of the final budget to be adopted by council in May 2018.

The tables and charts in the next few pages show the allocations of the revenue and expenditures for the 2018/19 Enoch Mgijima Local Municipality Budget.

**ENOCH MGJIMA LOCAL MUNICIPALITY MIG MTEF: FY 2018/19 - 2020/21**

NO.	PROJECT NAME	MIG CATEGORY (B,P or E)	WARD	QUANTITY	FY 18/19	FY 19/20	FY 20/21
1	Construction of Internal Roads	B	30	10km	R 4 000 000.00	R 2 000 000.00	R 3 200 000.00
2	Construction of Bacclesfarm Bridge	B	32	1 No.	R 6 800 000.00	R 700 000.00	R 0.00
3	Construction of McBride sports field	P	19	1 No.	R 4 500 000.00	R 7 200 000.00	R 6 800 000.00
4	Qwabi Bridge over Kuzitungu River Phase 2	B	20	1 No.	R 6 900 000.00	R 8 406 400.00	R 3 500 000.00
5	Multi - purpose hall in Whittlesea, Ward 26.	P	26	1 No.	R 8 800 000.00	R 0.00	R 0.00
6	Construction of Braakloof Shearing Shed	E	18	1 No.	R 1 200 000.00	R 0.00	R 0.00
7	Construction of a Shearing Shed in Lesseyton	E	18	1 No.	R 200 000.00	R 0.00	R 0.00
8	Construction of Lesseyton Sportfield	P	18	1 No.	R 3 500 000.00	R 8 600 000.00	R 6 500 000.00
9	Planning: EIA on cemeteries in Komani, Whittlesea, Tarkastad, Hofmeyr, Molteno and Sterkstroom.	P	All	17 No.	R 800 000.00	R 4 500 000.00	R 6 000 000.00
10	Paving of access gravel roads in Komani, W/sea, Tarkastad, Hofmeyr, Molteno & Sterkstroom	B	All	30km	R 4 910 000.00	R 5 000 000.00	R 0.00
11	Surfacing (Paving) of taxi routes in Molteno and Sterkstroom, Phase 5	B	27	6km	R 2 000 000.00	R 6 000 000.00	R 0.00
12	Renovation sport field in Sterkstroom, Phase 2	P	26	1 No.	R 2 600 000.00	R 0.00	R 0.00
13	EMLM upgrade, rehabilitation, repairs and maintenance of gravel roads in Komani, Whittlesea, Sterkstroom, Molteno and their surrounding areas	B	All	170km.	R 4 124 400.00	R 4 000 000.00	R 0.00
14	EMLM Community Lighting, phase 4	P	20, 22, 24, 26, 30, 31, 32 & 34	8 No.	R 0.00	R 0.00	R 4 300 000.00
15	Fencing, Signage, Construction of Guard House, Ablution Blocks, Weigh Bridge and Digging of New Cells/Trenches for Molteno, Takarstad and Ezibeleni Landfill Sites	P	6,7,8	3 No.	R 0.00	R 3 000 000.00	R 4 000 000.00
16	Establishment of Enoch Mgijima Solid Waste Regional Landfill Site	P	All	1 No.	R 0.00	R 0.00	R 1 000 000.00
17	Upgrading of Whittlesea Solid Waste Transfer Station	P	26	1 No.	R 0.00	R 0.00	R 1 000 000.00
18	Construction of Hofmeyr Solid Waste Transfer Station	P	34	1 No.	R 0.00	R 0.00	R 1 000 000.00
19	Closure and Rehabilitation of Hofmeyr, Ezibeleni and Whittlesea Landfill Sites	P	34,6,7,8,26	3 No.	R 0.00	R 0.00	R 1 000 000.00
20	Rehabilitation of used cells/trenches for Ezibeleni Landfill Site.	P	6,7,8	1 No.	R 0.00	R 2 000 000.00	R 1 000 000.00
21	Rehabilitation of Mlungisi Stadium in Komani	P	16	1 No.	R 0.00	R 0.00	R 3 000 000.00
22	Rehabilitation of Dongwe Stadium in Komani	P	26	1 No.	R 0.00	R 0.00	R 3 422 200.00
25	Upgrade of Berry Dam picnic area in Komani	P	10	1 No.	R 0.00	R 0.00	R 3 500 000.00
26	Upgrading and beautification of Hexagon area in Komani	P	9	1 No.	R 0.00	R 0.00	R 3 000 000.00
27	Refurbishment of Whittlesea pound	P	26,23	1 No.	R 0.00	R 0.00	R 2 000 000.00
28	PMU ADMIN (Operational Fees)	N/A	N/A	N/A	R 2 705 600.00	R 2 705 600.00	R 2 853 800.00

## INTEGRATED NATIONAL ELECTRIFICATION PROJECTS

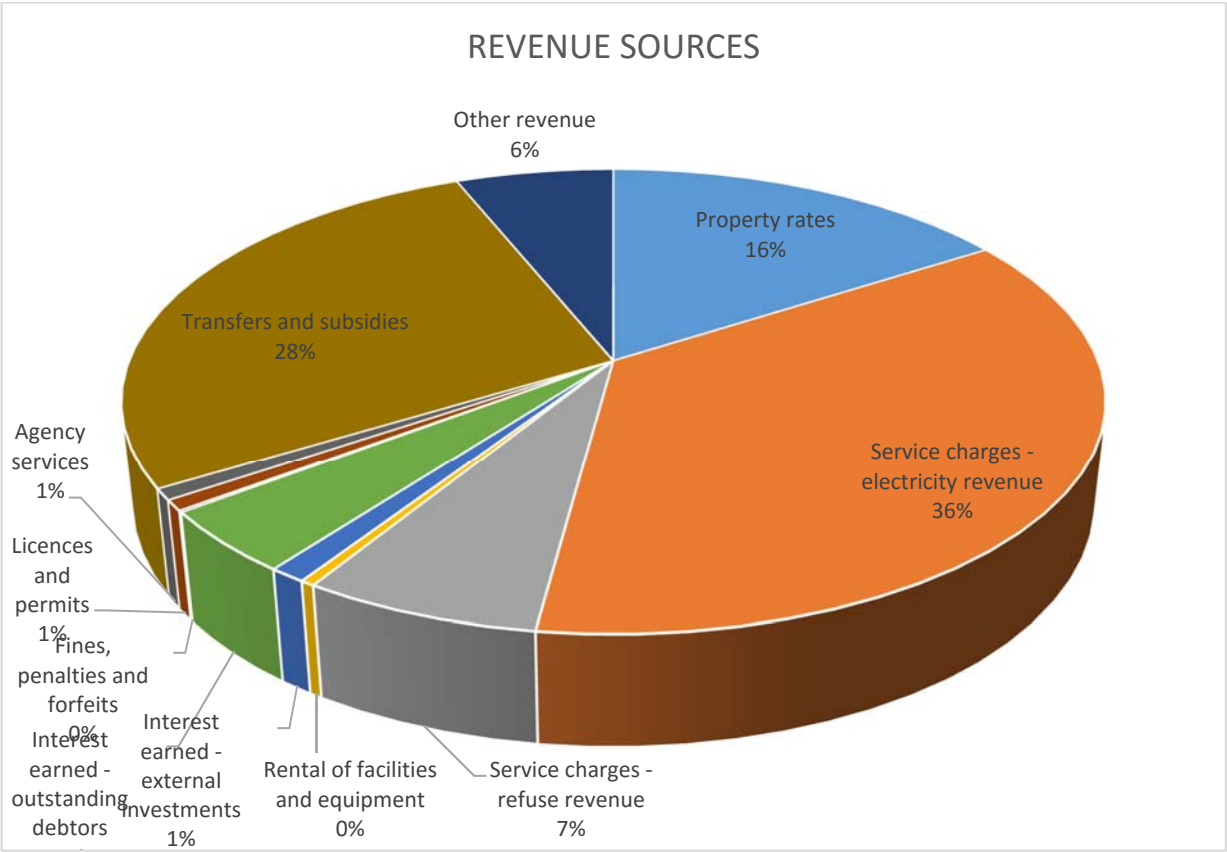
Enoch Mgijima Local Municipality MTEF Allocation : FY 2018/19 - 2020/21						
NO.	PROJECT NAME	WARD	QUANTITY	FY 18/19	FY 19/20	FY 20/21
1	NEW HOUSING DEVELOPMENT - ELECTRIFY 425	28	425	6 162 000		
2	Electrification of Ezibeleni Housing Development 300 connections	8	300			4 650 000
3	Electrification of Pola Park Housing Development 150	15	150			2 325 000
4	Electrification of Rathwick Housing 360		360			5 580 000
5	Central substation Phase 2	8, & 12				3 000 000
6	Central substation Refurbishment underground t - switch & overhead line					3 000 000
7	11 kv Tee enclosed upgrade			0		645 000
	STADIUM/MLUNGISI S/S - MLUNGISI TEE-SWIT	12			7 600 000	
	TOTAL			6 162 000	7 600 000	19 200 000

## Summary of budgeted Revenues

Operating Budget Revenue Sources (R'000)	Budget	Capital Budget Revenue Sources (R'000)	Budget
Property rates	105,875	Municipal Improvement Grant	50,388
		Integrated National Electrification	
Service charges - electricity revenue	240,148	Grant	6,162
Service charges - refuse revenue	44,527	Own funds	1,500
Rental of facilities and equipment	2,704		
Interest earned - external investments	7,026		
Interest earned - outstanding debtors	28,981		
Fines, penalties and forfeits	848		
Licences and permits	4,871		
Agency services	5,212		
Equitable Share	164,680		
Conditional Grants	18,341		
Other revenue	40,751		
<b>TOTAL</b>	<b>663,964</b>		<b>58,050</b>

Operating Budget Revenue Sources (R'000)	Budget	Capital Budget Revenue Sources (R'000)	Budget
Property rates	105 875	Municipal Improvement Grant	50 388
Service charges - electricity revenue	240 148	Integrated National Electrification Grant	6 162
Service charges - refuse revenue	44 527	Own funds	1 500
Rental of facilities and equipment	2 704	CHDM	3 200
Interest earned - external investments	7 026		
Interest earned - outstanding debtors	28 981		
Fines, penalties and forfeits	848		
Licences and permits	4 871		
Agency services	5 212		
Equitable Share	164 680		
Conditional Grants	18 341		
Other revenue	40 751		
<b>TOTAL</b>	<b>663 964</b>		<b>61 250</b>

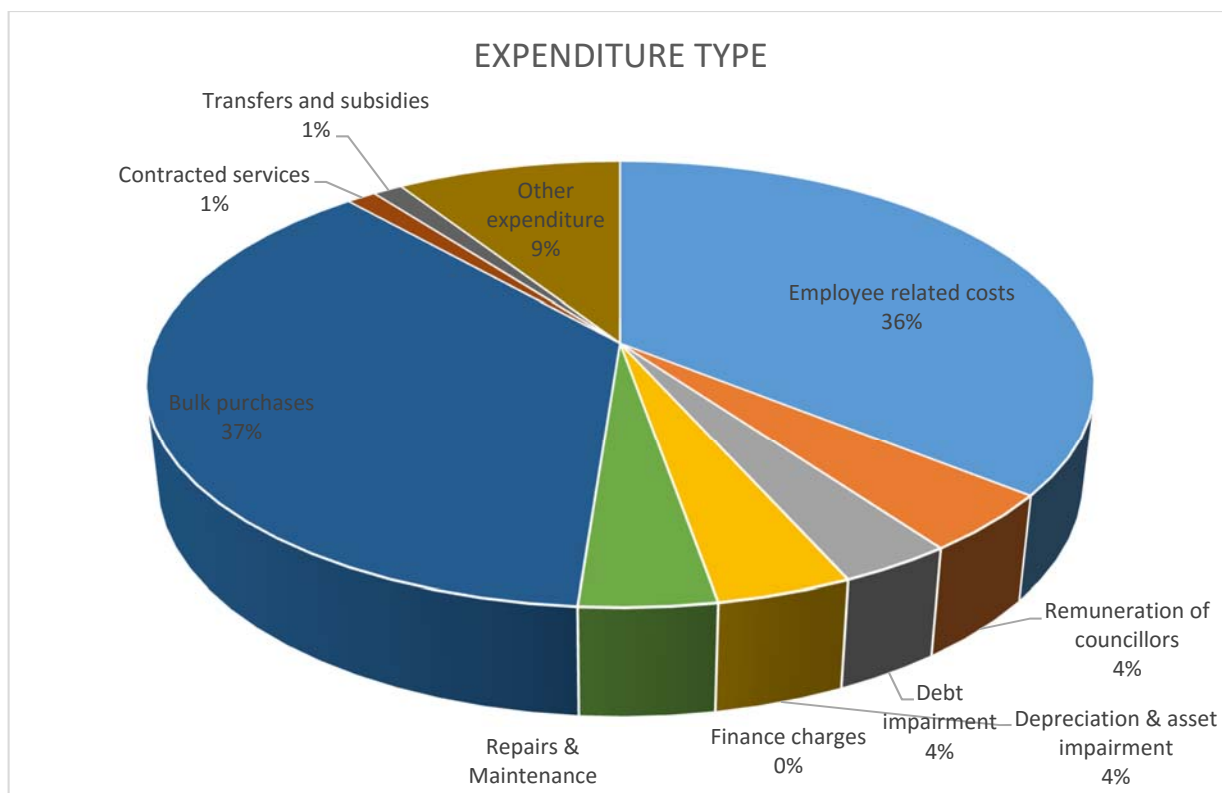
HOW THE REVENUE BUDGET OF R664.0 MILLION IS MADE UP OF



## Summary of budgeted Expenses

Operating Budget Expenses (R'000)	Budget	Capital Budget Expenses (R'000)	Budget
Employee related costs	256 851	Qwabi Bridge over Kuzitungu River	6 900
Remuneration of councillors	30 457	Bacclesfarm Bridge	6 800
Debt impairment	23 457	Upgrade, repairs and maintenance of gravel Roads	4 124
Depreciation & asset impairment	27 995	Paving of access gravel roads in Komani, Hofmeyer	4 964
Finance charges	0	Surfacing of taxi routes in Molteno & Sterkstroom	2 000
Repairs & Maintenance	28 223	Planning: EIA on cemeteries Komani, Tarkastad ....	800
Bulk purchases	267 213	Multi - Purpose Hall in Whittlesea Ward 26	8 800
Contracted services	8 593	Construction of shearing sheds - ward 18	1 400
Transfers and subsidies	8 667	Renovation of Sportsfield in Sterkstroom Phase 2	2 600
Other expenditure	65 554	LesseytonSportsfield	3 500
		Mc Bride Sportsfield	4 500
		Construction of internal Roads	4 000
		Electrification project: Molteno Airfield Project	6 162
		Tarkastad Small Town Revitalisation - CHDM	3 200
		Small Capital & Office Equipment	1 500
<b>TOTAL</b>	<b>717 010</b>		<b>61 250</b>

## HOW THE TOTAL OPERATING EXPENDITURE BUDGET OF R717.0 MILLION IS ALLOCATED



## 5 Annual Budget Tables (Operating & Capital)

These budget schedules are to be approved by resolution of Council and are contained in the following pages:



5.1	- Table A1	-	Budget Summary
5.2	- Table A2	-	Budgeted Financial Performance (revenue and expenditure by standard classification)
5.3	- Table A3	-	Budgeted Financial Performance (revenue and Expenditure by municipal vote)
5.4	- Table A4	-	Budgeted Financial Performance (revenue and Expenditure)
5.5	- Table A5	-	Budgeted Capital Expenditure by vote, standard classification and funding
5.6	- Table A6	-	Budgeted Financial Position
5.7	- Table A7	-	Budgeted Cash Flows
5.8	- Table A8	-	Cash Backed reserves/accumulated surplus Reconciliation
5.9	- Table A9	-	Asset management
5.10	- Table A10	-	Basic Service Delivery

EC139 Enoch Mjijima - Table A1 Budget Summary

Description	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>R thousands</b>										
<b>Financial Performance</b>										
Property rates	-	-	85 157	100 833	88 833	88 833	86 556	105 875	114 345	120 062
Service charges	-	-	232 791	278 609	255 102	255 102	291 708	261 027	289 881	311 804
Investment revenue	-	-	5 374	9 726	7 726	7 726	3 432	7 026	7 026	7 026
Transfers recognised - operational	-	-	179 162	188 403	192 258	192 258	154 828	180 369	185 653	198 222
Other own revenue	-	-	36 615	88 882	78 684	78 684	17 988	109 667	115 510	110 901
<b>Total Revenue (excluding capital transfers and contributions)</b>	-	-	539 098	666 453	622 603	622 603	554 511	663 964	712 414	748 014
Employee costs	-	-	235 979	237 824	237 164	237 164	195 077	265 939	247 554	262 766
Remuneration of councillors	-	-	25 117	28 503	26 483	26 483	15 425	30 223	30 442	32 451
Depreciation & asset impairment	-	-	48 569	40 995	19 822	19 822	-	27 995	30 488	34 392
Finance charges	-	-	45	954	110	110	70	154	162	170
Materials and bulk purchases	-	-	201 024	229 939	229 842	229 842	144 986	278 602	284 506	295 400
Transfers and grants	-	-	21 921	159	159	159	100	159	167	175
Other expenditure	-	-	566 770	128 079	109 273	109 273	62 194	113 938	119 462	123 093
<b>Total Expenditure</b>	-	-	1 099 425	666 453	622 853	622 853	417 852	717 010	712 779	748 447
<b>Surplus/(Deficit)</b>	-	-	(560 327)	(0)	(250)	(250)	136 660	(53 046)	(365)	(433)
Transfers and subsidies - capital (monetary allocation)	-	-	18 102	-	-	-	-	-	-	-
Contributions recognised - capital & contributed assets	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	-	-	(542 226)	(0)	(250)	(250)	136 660	(53 046)	(365)	(433)
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>	-	-	(542 226)	(0)	(250)	(250)	136 660	(53 046)	(365)	(433)
<b>Capital expenditure &amp; funds sources</b>										
Capital expenditure	-	-	68 038	67 784	64 534	64 534	27 164	61 196	58 906	86 122
Transfers recognised - capital	-	-	36 111	62 284	59 034	59 034	26 240	56 496	57 006	78 622
Public contributions & donations	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	-	-	31 927	5 500	5 500	5 500	924	4 700	1 900	7 500
<b>Total sources of capital funds</b>	-	-	68 038	67 784	64 534	64 534	27 164	61 196	58 906	86 122
<b>Financial position</b>										
Total current assets	-	-	270 688	386 512	780 754	780 754	780 754	561 903	672 936	735 508
Total non current assets	-	-	1 464 465	1 901 451	1 545 141	1 545 141	1 545 141	1 505 701	1 678 917	1 673 181
Total current liabilities	-	-	-	163 671	135 997	135 997	135 997	163 671	140 669	122 254
Total non current liabilities	-	-	-	22 111	129 325	129 325	129 325	22 111	24 111	28 111
Community wealth/Equity	-	-	1 735 153	2 102 181	2 060 573	2 060 573	2 060 573	1 881 823	2 187 073	2 258 324
<b>Cash flows</b>										
Net cash from (used) operating	-	-	(335 945)	70 862	70 862	70 862	38 239	27 139	26 162	69 065
Net cash from (used) investing	-	-	342 512	(66 284)	(63 284)	(63 284)	(63 284)	(56 550)	(59 006)	(73 422)
Net cash from (used) financing	-	-	-	-	-	-	-	-	-	-
<b>Cash/cash equivalents at the year end</b>	-	-	123 833	86 787	89 787	89 787	57 164	44 089	11 245	6 888
<b>Cash backing/surplus reconciliation</b>										
Cash and investments available	-	-	123 833	73 037	34 796	34 796	34 796	133 037	175 555	203 755
Application of cash and investments	-	-	12 096	(198 619)	(639 138)	(639 138)	(58 986)	(279 967)	(346 998)	(412 869)
<b>Balance - surplus (shortfall)</b>	-	-	111 737	271 656	673 934	673 934	93 782	413 004	522 553	616 624
<b>Asset management</b>										
Asset register summary (WDV)	-	-	1 901 451	1 545 141	1 545 141	1 545 141	-	1 505 701	1 678 917	1 673 181
Depreciation	-	-	-	40 995	19 822	19 822	-	27 995	30 488	34 392
Renewal of Existing Assets	-	-	18 908	8 500	7 700	7 700	-	3 200	-	-
Repairs and Maintenance	-	-	-	22 034	20 004	20 004	-	28 603	29 513	30 269
<b>Free services</b>										
Cost of Free Basic Services provided	-	-	-	-	11 243	11 243	25 967	25 967	27 215	28 736
Revenue cost of free services provided	-	-	4 123	4 023	4 023	4 023	4 224	4 224	4 435	4 657
<b>Households below minimum service level</b>										
Water:	-	-	-	-	-	-	-	-	-	-
Sanitation/sewage:	-	-	-	-	-	-	-	-	-	-
Energy:	-	-	-	-	25	25	25	25	26	26
Refuse:	-	-	-	-	8	8	8	8	8	8

EC139 Enoch Mgijima - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classification)

Functional Classification Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand	1									
<b>Revenue - Functional</b>										
<i>Governance and administration</i>		-	-	222 126	310 623	284 194	284 194	305 678	319 518	327 312
Executive and council		-	-	209 974	118 441	118 470	118 470	121 697	127 112	137 702
Finance and administration		-	-	12 152	192 182	165 724	165 724	183 981	192 407	189 610
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		-	-	7 312	6 877	6 857	6 857	6 916	7 574	6 916
Community and social services		-	-	7 215	6 706	6 745	6 745	6 745	7 403	6 745
Sport and recreation		-	-	98	170	111	111	170	170	170
Public safety		-	-	-	1	1	1	1	1	1
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		-	-	47 872	18 294	18 445	18 445	12 647	14 265	15 907
Planning and development		-	-	7 359	647	647	647	-	-	-
Road transport		-	-	40 513	17 582	17 732	17 732	12 582	14 200	15 842
Environmental protection		-	-	-	66	66	66	66	66	66
<i>Trading services</i>		-	-	279 885	330 656	313 105	313 105	338 720	371 054	397 877
Energy sources		-	-	219 596	262 195	250 754	250 754	270 259	297 441	319 322
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	39	39	39	39	39	39
Waste management		-	-	60 290	68 422	62 311	62 311	68 422	73 573	78 515
<i>Other</i>	4	-	-	5	3	3	3	3	3	3
<b>Total Revenue - Functional</b>	2	-	-	557 200	666 453	622 603	622 603	663 964	712 414	748 014
<b>Expenditure - Functional</b>										
<i>Governance and administration</i>		-	-	371 385	238 362	212 623	212 623	217 598	222 457	234 901
Executive and council		-	-	137 117	82 248	68 271	68 271	75 845	76 685	80 276
Finance and administration		-	-	234 268	156 114	144 352	144 352	141 753	145 772	154 625
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		-	-	104 105	35 019	35 109	35 109	37 926	38 419	40 737
Community and social services		-	-	11 567	14 354	14 381	14 381	15 770	15 952	16 877
Sport and recreation		-	-	14 534	16 408	16 439	16 439	17 559	18 374	19 539
Public safety		-	-	78 004	4 258	4 290	4 290	4 596	4 093	4 322
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		-	-	51 519	51 957	52 325	52 325	56 103	54 292	57 468
Planning and development		-	-	19 237	10 679	10 679	10 679	8 910	9 619	10 073
Road transport		-	-	32 282	40 335	40 702	40 702	45 774	43 161	45 821
Environmental protection		-	-	-	942	944	944	1 418	1 512	1 573
<i>Trading services</i>		-	-	572 293	340 942	322 622	322 622	405 202	397 426	415 145
Energy sources		-	-	338 797	265 589	259 127	259 127	323 945	327 824	342 044
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	32 490	24 713	24 713	30 506	30 416	31 340
Waste management		-	-	233 496	42 864	38 783	38 783	50 750	39 186	41 761
<i>Other</i>	4	-	-	123	173	173	173	182	186	196
<b>Total Expenditure - Functional</b>	3	-	-	1 099 425	666 453	622 853	622 853	717 010	712 779	748 447
<b>Surplus/(Deficit) for the year</b>		-	-	(542 226)	(0)	(250)	(250)	(53 046)	(365)	(433)

EC139 Enoch Mgijima - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand										
Revenue by Vote	1									
Vote 01 - Municipal Manager		-	-	-	5 677	5 589	5 589	4 253	-	-
Vote 02 - Administration & Human Resources		-	-	12 152	1 300	6 500	6 500	-	-	-
Vote 03 - Budget & Treasury		-	-	119 079	184 478	152 355	152 355	181 254	189 788	186 980
Vote 04 - Council Administration		-	-	90 895	112 764	112 881	112 881	117 444	127 112	137 702
Vote 05 - Community Services		-	-	67 602	74 950	68 819	68 819	74 989	80 798	85 082
Vote 06 - Technical Services		-	-	249 153	271 584	260 144	260 144	270 696	297 879	319 760
Vote 07 - Control Room Services		-	-	10 956	11 554	11 704	11 704	12 754	14 384	16 037
Vote 08 - Iped		-	-	7 359	647	647	647	-	-	-
Vote 09 - Human Settlements		-	-	-	3 499	3 964	3 964	2 575	2 454	2 454
Vote 10 - Vote 10		-	-	-	-	-	-	-	-	-
Vote 11 - Vote 11		-	-	-	-	-	-	-	-	-
Vote 12 - Vote 12		-	-	-	-	-	-	-	-	-
Vote 13 - Vote 13		-	-	-	-	-	-	-	-	-
Vote 14 - Vote 14		-	-	-	-	-	-	-	-	-
Vote 15 - Other		-	-	5	-	-	-	-	-	-
Total Revenue by Vote	2	-	-	557 200	666 453	622 603	622 603	663 964	712 414	748 014
Expenditure by Vote to be appropriated	1									
Vote 01 - Municipal Manager		-	-	137 117	38 120	26 283	26 283	31 370	31 957	33 475
Vote 02 - Administration & Human Resources		-	-	41 971	20 945	25 795	25 795	21 155	21 589	22 689
Vote 03 - Budget & Treasury		-	-	192 297	71 690	61 816	61 816	63 100	59 445	61 535
Vote 04 - Council Administration		-	-	-	44 128	41 988	41 988	44 475	44 728	46 801
Vote 05 - Community Services		-	-	259 597	78 506	74 632	74 632	88 850	81 443	86 628
Vote 06 - Technical Services		-	-	371 079	325 992	312 603	312 603	382 382	385 657	402 231
Vote 07 - Control Room Services		-	-	78 004	48 842	48 692	48 692	53 007	50 451	53 399
Vote 08 - Iped		-	-	-	10 679	10 679	10 679	8 910	9 619	10 073
Vote 09 - Human Settlements		-	-	19 237	27 551	20 365	20 365	23 762	27 890	31 615
Vote 10 - Vote 10		-	-	-	-	-	-	-	-	-
Vote 11 - Vote 11		-	-	-	-	-	-	-	-	-
Vote 12 - Vote 12		-	-	-	-	-	-	-	-	-
Vote 13 - Vote 13		-	-	-	-	-	-	-	-	-
Vote 14 - Vote 14		-	-	-	-	-	-	-	-	-
Vote 15 - Other		-	-	123	-	-	-	-	-	-
Total Expenditure by Vote	2	-	-	1 099 425	666 453	622 853	622 853	717 010	712 779	748 447
Surplus/(Deficit) for the year	2	-	-	(542 226)	(0)	(250)	(250)	(53 046)	(365)	(433)

EC139 Enoch Mgijima - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand	1										
Revenue By Source											
Property rates	2	–	–	85 157	100 833	88 833	88 833	86 556	105 875	114 345	120 062
Service charges - electricity revenue	2	–	–	199 350	233 969	216 574	216 574	253 028	230 865	255 990	274 754
Service charges - water revenue	2	–	–	–	–	–	–	–	–	–	–
Service charges - sanitation revenue	2	–	–	–	–	–	–	–	–	–	–
Service charges - refuse revenue	2	–	–	33 440	44 639	38 528	38 528	38 680	30 162	33 891	37 049
Service charges - other											
Rental of facilities and equipment		–	–	2 354	2 673	2 628	2 628	2 113	2 749	2 628	2 628
Interest earned - external investments		–	–	5 374	9 726	7 726	7 726	3 432	7 026	7 026	7 026
Interest earned - outstanding debtors		–	–	20 096	28 481	25 515	25 515	9 621	25 481	27 838	30 144
Dividends received				–							
Fines, penalties and forfeits		–	–	324	2 264	2 725	2 725	1 950	3 225	3 250	3 286
Licences and permits		–	–	3 082	4 916	4 471	4 471	3 160	4 656	5 638	6 254
Agency services		–	–	4 674	4 712	4 847	4 847	3 885	5 212	5 822	6 813
Transfers and subsidies		–	–	179 162	188 403	192 258	192 258	154 828	180 369	185 653	198 222
Other revenue	2	–	–	6 084	45 835	38 498	38 498	(2 741)	68 345	70 332	61 777
Gains on disposal of PPE											
Total Revenue (excluding capital transfers and contributions)		–	–	539 098	666 453	622 603	622 603	554 511	663 964	712 414	748 014
Expenditure By Type											
Employee related costs	2	–	–	235 979	237 824	237 164	237 164	195 077	265 939	247 554	262 766
Remuneration of councillors		–	–	25 117	28 503	26 483	26 483	15 425	30 223	30 442	32 451
Debt impairment	3	–	–	466 659	30 457	16 456	16 456	364	22 496	20 176	21 834
Depreciation & asset impairment	2	–	–	48 569	40 995	19 822	19 822	–	27 995	30 488	34 392
Finance charges		–	–	45	954	110	110	70	154	162	170
Bulk purchases	2	–	–	188 015	207 430	207 430	207 430	129 431	267 213	272 473	283 305
Other materials	8	–	–	13 009	22 509	22 412	22 412	15 554	11 389	12 033	12 095
Contracted services		–	–	13 788	41 862	40 987	40 987	21 180	40 657	45 260	45 423
Transfers and subsidies		–	–	21 921	159	159	159	100	159	167	175
Other expenditure	4, 5	–	–	86 323	55 760	51 830	51 830	40 651	50 784	54 025	55 836
Loss on disposal of PPE											
Total Expenditure		–	–	1 099 425	666 453	622 853	622 853	417 852	717 010	712 779	748 447
Surplus/(Deficit)											
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		–	–	(560 327)	(0)	(250)	(250)	136 660	(53 046)	(365)	(433)
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher	6	–	–	–	–	–	–	–	–	–	–
Transfers and subsidies - capital (in-kind - all)											
Surplus/(Deficit) after capital transfers & contributions		–	–	(542 226)	(0)	(250)	(250)	136 660	(53 046)	(365)	(433)
Taxation											
Surplus/(Deficit) after taxation		–	–	(542 226)	(0)	(250)	(250)	136 660	(53 046)	(365)	(433)
Attributable to minorities											
Surplus/(Deficit) attributable to municipality		–	–	(542 226)	(0)	(250)	(250)	136 660	(53 046)	(365)	(433)
Share of surplus/ (deficit) of associate	7										
Surplus/(Deficit) for the year		–	–	(542 226)	(0)	(250)	(250)	136 660	(53 046)	(365)	(433)

EC139 Enoch Mgijima - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding

Vote Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand	1										
<b>Capital expenditure - Vote</b>											
<i>Multi-year expenditure to be appropriated</i>	2										
Vote 01 - Municipal Manager		-	-	3 280	-	-	-	-	-	-	-
Vote 02 - Administration & Human Resources		-	-	-	-	-	-	-	-	-	-
Vote 03 - Budget & Treasury		-	-	3 263	-	-	-	-	1 500	1 900	2 500
Vote 04 - Council Administration		-	-	-	-	-	-	-	-	-	-
Vote 05 - Community Services		-	-	7 175	9 300	9 868	9 868	2 022	11 400	23 300	40 722
Vote 06 - Technical Services		-	-	54 320	31 400	28 434	28 434	12 680	34 896	33 706	40 900
Vote 07 - Control Room Services		-	-	-	-	-	-	-	-	-	2 000
Vote 08 - Iped		-	-	-	2 000	2 000	2 000	352	4 600	-	-
Vote 09 - Human Settlements		-	-	-	9 584	11 982	11 982	9 561	8 800	-	-
Vote 10 - Vote 10		-	-	-	-	-	-	-	-	-	-
Vote 11 - Vote 11		-	-	-	-	-	-	-	-	-	-
Vote 12 - Vote 12		-	-	-	-	-	-	-	-	-	-
Vote 13 - Vote 13		-	-	-	-	-	-	-	-	-	-
Vote 14 - Vote 14		-	-	-	-	-	-	-	-	-	-
Vote 15 - Other		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	-	-	68 038	52 284	52 284	52 284	24 615	61 196	58 906	86 122
<i>Single-year expenditure to be appropriated</i>	2										
Vote 01 - Municipal Manager		-	-	-	-	-	-	-	-	-	-
Vote 02 - Administration & Human Resources		-	-	-	-	-	-	-	-	-	-
Vote 03 - Budget & Treasury		-	-	-	1 500	1 500	1 500	601	-	-	-
Vote 04 - Council Administration		-	-	-	-	-	-	-	-	-	-
Vote 05 - Community Services		-	-	-	-	-	-	-	-	-	-
Vote 06 - Technical Services		-	-	-	10 000	6 750	6 750	1 625	-	-	-
Vote 07 - Control Room Services		-	-	-	-	-	-	-	-	-	-
Vote 08 - Iped		-	-	-	4 000	4 000	4 000	323	-	-	-
Vote 09 - Human Settlements		-	-	-	-	-	-	-	-	-	-
Vote 10 - Vote 10		-	-	-	-	-	-	-	-	-	-
Vote 11 - Vote 11		-	-	-	-	-	-	-	-	-	-
Vote 12 - Vote 12		-	-	-	-	-	-	-	-	-	-
Vote 13 - Vote 13		-	-	-	-	-	-	-	-	-	-
Vote 14 - Vote 14		-	-	-	-	-	-	-	-	-	-
Vote 15 - Other		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		-	-	-	15 500	12 250	12 250	2 549	-	-	-
Total Capital Expenditure - Vote		-	-	68 038	67 784	64 534	64 534	27 164	61 196	58 906	86 122
<b>Capital Expenditure - Functional</b>											
<i>Governance and administration</i>		-	-	6 543	1 500	1 500	1 500	601	1 500	1 900	2 500
Executive and council		-	-	3 280	-	-	-	-	-	-	-
Finance and administration		-	-	3 263	1 500	1 500	1 500	601	1 500	1 900	2 500
Internal audit		-	-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		-	-	7 175	18 884	21 850	21 850	11 583	20 200	20 300	31 722
Community and social services		-	-	7 013	11 084	14 982	14 982	10 475	9 600	4 500	6 000
Sport and recreation		-	-	162	7 800	6 868	6 868	1 108	10 600	15 800	25 722
Public safety		-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		-	-	36 443	6 000	6 000	6 000	675	4 600	-	2 000
Planning and development		-	-	-	6 000	6 000	6 000	675	4 600	-	-
Road transport		-	-	36 443	-	-	-	-	-	-	2 000
Environmental protection		-	-	-	-	-	-	-	-	-	-
<i>Trading services</i>		-	-	17 877	41 400	35 184	35 184	14 304	34 896	36 706	49 900
Energy sources		-	-	17 877	15 000	8 450	8 450	1 625	6 162	7 600	23 500
Water management		-	-	-	26 400	26 734	26 734	12 680	28 734	26 106	17 400
Waste water management		-	-	-	-	-	-	-	-	3 000	9 000
Waste management		-	-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional	3	-	-	68 038	67 784	64 534	64 534	27 164	61 196	58 906	86 122
<b>Funded by:</b>											
National Government		-	-	36 111	62 284	59 034	59 034	26 240	56 496	57 006	78 622
Provincial Government		-	-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	-	-	36 111	62 284	59 034	59 034	26 240	56 496	57 006	78 622
Public contributions & donations	5	-	-	-	-	-	-	-	-	-	-
Borrowing	6	-	-	-	-	-	-	-	-	-	-
Internally generated funds		-	-	31 927	5 500	5 500	5 500	924	4 700	1 900	7 500
Total Capital Funding	7	-	-	68 038	67 784	64 534	64 534	27 164	61 196	58 906	86 122

EC139 Enoch Mjijima - Table A6 Budgeted Financial Position

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand											
ASSETS											
Current assets											
Cash		–	–	13 662	23 880	15 345	15 345	15 345	83 880	98 265	122 601
Call investment deposits	1	–	–	110 171	49 157	19 451	19 451	19 451	49 157	77 289	81 154
Consumer debtors	1	–	–	106 892	273 512	696 435	696 435	696 435	345 077	383 036	411 690
Other debtors		–	–	39 963	39 963	49 522	49 522	49 522	83 789	114 345	120 062
Current portion of long-term receivables		–	–	–	–	–	–	–	–	–	–
Inventory	2	–	–	–	–	–	–	–	–	–	–
Total current assets		–	–	270 688	386 512	780 754	780 754	780 754	561 903	672 936	735 508
Non current assets											
Long-term receivables		–	–	–	–	–	–	–	–	–	–
Investments		–	–	–	–	–	–	–	–	–	–
Investment property		–	–	291 608	448 054	448 054	448 054	448 054	448 054	448 054	448 054
Investment in Associate		–	–	–	–	–	–	–	–	–	–
Property, plant and equipment	3	–	–	1 164 988	1 452 443	1 095 982	1 095 982	1 095 982	1 056 694	1 229 809	1 223 871
Agricultural		–	–	–	–	–	–	–	–	–	–
Biological		–	–	6 151	–	–	–	–	–	–	–
Intangible		–	–	287	954	1 105	1 105	1 105	954	1 054	1 257
Other non-current assets		–	–	1 431	–	–	–	–	–	–	–
Total non current assets		–	–	1 464 465	1 901 451	1 545 141	1 545 141	1 545 141	1 505 701	1 678 917	1 673 181
TOTAL ASSETS		–	–	1 735 153	2 287 963	2 325 895	2 325 895	2 325 895	2 067 605	2 351 853	2 408 689
LIABILITIES											
Current liabilities											
Bank overdraft	1	–	–	–	–	–	–	–	–	–	–
Borrowing	4	–	–	–	–	–	–	–	–	–	–
Consumer deposits		–	–	–	9 801	10 855	10 855	10 855	9 801	10 201	1 221
Trade and other payables	4	–	–	–	104 165	82 438	82 438	82 438	104 165	78 764	61 328
Provisions		–	–	–	49 705	42 705	42 705	42 705	49 705	51 705	59 705
Total current liabilities		–	–	–	163 671	135 997	135 997	135 997	163 671	140 669	122 254
Non current liabilities											
Borrowing		–	–	–	4 655	95 613	95 613	95 613	–	–	–
Provisions		–	–	–	17 456	33 713	33 713	33 713	22 111	24 111	28 111
Total non current liabilities		–	–	–	22 111	129 325	129 325	129 325	22 111	24 111	28 111
TOTAL LIABILITIES		–	–	–	185 782	265 322	265 322	265 322	185 782	164 780	150 364
NET ASSETS	5	–	–	1 735 153	2 102 181	2 060 573	2 060 573	2 060 573	1 881 823	2 187 073	2 258 324
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		–	–	1 735 153	2 102 181	2 060 573	2 060 573	2 060 573	1 881 823	2 187 073	2 258 324
Reserves	4	–	–	–	–	–	–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	5	–	–	1 735 153	2 102 181	2 060 573	2 060 573	2 060 573	1 881 823	2 187 073	2 258 324

EC139 Enoch Mgijima - Table A7 Budgeted Cash Flows

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand											
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates				86 404	86 404	86 404	13 465	76 404	82 517	86 642	
Service charges			(26 564)	250 887	250 887	250 887	46 314	254 208	267 156	297 889	
Other revenue				58 678	58 678	58 678	3 310	54 310	71 596	80 162	
Government - operating	1		161 152	188 403	188 403	188 403	80 469	183 021	189 146	201 600	
Government - capital	1		36 111	66 284	66 284	66 284	18 273	59 202	61 712	76 276	
Interest			5 374	15 207	15 207	15 207	2 842	12 507	13 380	16 021	
Dividends								-	-	-	
Payments											
Suppliers and employees			(512 019)	(576 869)	(576 869)	(576 869)	(108 301)	(649 550)	(652 638)	(683 673)	
Finance charges								-	-	-	
Transfers and Grants	1				(18 132)	(18 132)	(18 132)	(8 667)	(6 706)	(5 854)	
NET CASH FROM/(USED) OPERATING ACTIVITIES		-	-	(335 945)	70 862	70 862	70 862	38 239	(18 566)	26 162	69 065
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE				1 500	1 500	1 500	1 500	1 500	1 900	2 500	
Decrease (Increase) in non-current debtors								-	-	-	
Decrease (increase) other non-current receivables								-	-	-	
Decrease (increase) in non-current investments								-	-	-	
Payments											
Capital assets			342 512	(67 784)	(64 784)	(64 784)	(64 784)	(58 050)	(60 906)	(75 922)	
NET CASH FROM/(USED) INVESTING ACTIVITIES		-	-	342 512	(66 284)	(63 284)	(63 284)	(63 284)	(56 550)	(59 006)	(73 422)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans								-	-	-	
Borrowing long term/refinancing								-	-	-	
Increase (decrease) in consumer deposits								-	-	-	
Payments											
Repayment of borrowing								-	-	-	
NET CASH FROM/(USED) FINANCING ACTIVITIES		-	-	-	-	-	-	-	-	-	
NET INCREASE/ (DECREASE) IN CASH HELD		-	-	6 567	4 578	7 578	7 578	(25 045)	(75 116)	(32 844)	(4 358)
Cash/cash equivalents at the year begin:	2		117 266	82 209	82 209	82 209	82 209	73 500	(1 616)	(34 460)	(34 460)
Cash/cash equivalents at the year end:	2	-	-	123 833	86 787	89 787	89 787	57 164	(1 616)	(34 460)	(38 817)



EC139 Enoch Mgijima - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand											
Cash and investments available											
Cash/cash equivalents at the year end	1	-	-	123 833	86 787	89 787	89 787	57 164	44 089	11 245	6 888
Other current investments > 90 days		-	-	0	(13 750)	(54 991)	(54 991)	(22 368)	88 948	164 309	196 868
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
Cash and investments available:		-	-	123 833	73 037	34 796	34 796	34 796	133 037	175 555	203 755
Application of cash and investments											
Unspent conditional transfers		-	-	-	4 003	7 423	7 423	7 423	4 003	5 821	2 954
Unspent borrowing		-	-	1 094	-	-	-	-	-	-	-
Statutory requirements	2	-	-	-	-	-	-	-	-	-	-
Other working capital requirements	3	-	-	11 002	(202 622)	(646 561)	(646 561)	(66 409)	(283 970)	(352 819)	(415 822)
Other provisions		-	-	-	-	-	-	-	-	-	-
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	-	-	-	-	-	-	-	-	-	-
Total Application of cash and investments:		-	-	12 096	(198 619)	(639 138)	(639 138)	(58 986)	(279 967)	(346 998)	(412 869)
Surplus(shortfall)		-	-	111 737	271 656	673 934	673 934	93 782	413 004	522 553	616 624

EC139 Enoch Mgijima - Table A9 Asset Management

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand										
CAPITAL EXPENDITURE										
<u>Total New Assets</u>	1	-	-	49 130	19 384	20 850	20 850	22 300	28 300	49 922
<i>Roads Infrastructure</i>		-	-	11 391	-	-	-	-	-	-
<i>Storm water Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Electrical Infrastructure</i>		-	-	9 964	-	-	-	-	7 600	19 200
<i>Water Supply Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Sanitation Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Solid Waste Infrastructure</i>		-	-	6 814	-	-	-	-	3 000	9 000
<i>Rail Infrastructure</i>		-	-	1 555	-	-	-	-	-	-
<i>Coastal Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Information and Communication Infrastructure</i>		-	-	-	-	-	-	-	-	-
<b>Infrastructure</b>		-	-	29 725	-	-	-	-	10 600	28 200
<i>Community Facilities</i>		-	-	2 843	11 584	13 982	13 982	10 200	-	-
<i>Sport and Recreation Facilities</i>		-	-	7 611	7 800	6 868	6 868	10 600	15 800	19 222
<b>Community Assets</b>		-	-	10 455	19 384	20 850	20 850	20 800	15 800	19 222
<b>Heritage Assets</b>		-	-	-	-	-	-	-	-	-
<i>Revenue Generating</i>		-	-	-	-	-	-	-	-	-
<i>Non-revenue Generating</i>		-	-	-	-	-	-	-	-	-
<b>Investment properties</b>		-	-	-	-	-	-	-	-	-
<i>Operational Buildings</i>		-	-	-	-	-	-	-	-	-
<i>Housing</i>		-	-	-	-	-	-	-	-	-
<b>Other Assets</b>		-	-	-	-	-	-	-	-	-
<b>Biological or Cultivated Assets</b>		-	-	-	-	-	-	-	-	-
<i>Servitudes</i>		-	-	-	-	-	-	-	-	-
<i>Licences and Rights</i>		-	-	-	-	-	-	-	-	-
<b>Intangible Assets</b>		-	-	-	-	-	-	-	-	-
<i>Computer Equipment</i>		-	-	-	-	-	-	-	-	-
<i>Furniture and Office Equipment</i>		-	-	-	-	-	-	-	-	-
<i>Machinery and Equipment</i>		-	-	8 040	-	-	-	1 500	1 900	2 500
<i>Transport Assets</i>		-	-	910	-	-	-	-	-	-
<i>Libraries</i>		-	-	-	-	-	-	-	-	-
<i>Zoo's, Marine and Non-biological Animals</i>		-	-	-	-	-	-	-	-	-
<u>Total Renewal of Existing Assets</u>	2	-	-	18 908	8 500	7 700	7 700	3 200	-	-
<i>Roads Infrastructure</i>		-	-	18 908	-	-	-	-	-	-
<i>Storm water Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Electrical Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Water Supply Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Sanitation Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Solid Waste Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Rail Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Coastal Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Information and Communication Infrastructure</i>		-	-	-	-	-	-	-	-	-
<b>Infrastructure</b>		-	-	18 908	-	-	-	-	-	-
<i>Community Facilities</i>		-	-	-	8 500	7 700	7 700	3 200	-	-
<i>Sport and Recreation Facilities</i>		-	-	-	-	-	-	-	-	-
<b>Community Assets</b>		-	-	-	8 500	7 700	7 700	3 200	-	-
<b>Heritage Assets</b>		-	-	-	-	-	-	-	-	-
<i>Revenue Generating</i>		-	-	-	-	-	-	-	-	-
<i>Non-revenue Generating</i>		-	-	-	-	-	-	-	-	-
<u>Total Upgrading of Existing Assets</u>	6	-	-	-	39 900	35 984	35 984	35 696	30 606	36 200
<i>Roads Infrastructure</i>		-	-	-	23 400	24 534	24 534	28 734	26 106	17 400
<i>Storm water Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Electrical Infrastructure</i>		-	-	-	15 000	8 450	8 450	6 162	-	4 300
<i>Water Supply Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Sanitation Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Solid Waste Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Rail Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Coastal Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Information and Communication Infrastructure</i>		-	-	-	-	-	-	-	-	-
<b>Infrastructure</b>		-	-	-	38 400	32 984	32 984	34 896	26 106	21 700

Community Facilities	-	-	-	1 500	3 000	3 000	800	4 500	12 500	
Sport and Recreation Facilities	-	-	-	-	-	-	-	-	-	
Community Assets	-	-	-	1 500	3 000	3 000	800	4 500	12 500	
Heritage Assets	-	-	-	-	-	-	-	-	-	
Revenue Generating	-	-	-	-	-	-	-	-	-	
Non-revenue Generating	-	-	-	-	-	-	-	-	-	
Investment properties	-	-	-	-	-	-	-	-	-	
Operational Buildings	-	-	-	-	-	-	-	-	2 000	
Housing	-	-	-	-	-	-	-	-	-	
Other Assets	-	-	-	-	-	-	-	-	2 000	
Biological or Cultivated Assets	-	-	-	-	-	-	-	-	-	
Servitudes	-	-	-	-	-	-	-	-	-	
Licences and Rights	-	-	-	-	-	-	-	-	-	
Intangible Assets	-	-	-	-	-	-	-	-	-	
Computer Equipment	-	-	-	-	-	-	-	-	-	
Furniture and Office Equipment	-	-	-	-	-	-	-	-	-	
Machinery and Equipment	-	-	-	-	-	-	-	-	-	
Transport Assets	-	-	-	-	-	-	-	-	-	
Libraries	-	-	-	-	-	-	-	-	-	
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-	-	
<b>Total Capital Expenditure</b>	4	-	-	-	-	-	-	-	-	
<i>Roads Infrastructure</i>	-	-	30 299	23 400	24 534	24 534	28 734	26 106	17 400	
<i>Storm water Infrastructure</i>	-	-	-	-	-	-	-	-	-	
<i>Electrical Infrastructure</i>	-	-	9 964	15 000	8 450	8 450	6 162	7 600	23 500	
<i>Water Supply Infrastructure</i>	-	-	-	-	-	-	-	-	-	
<i>Sanitation Infrastructure</i>	-	-	-	-	-	-	-	-	-	
<i>Solid Waste Infrastructure</i>	-	-	6 814	-	-	-	-	3 000	9 000	
<i>Rail Infrastructure</i>	-	-	1 555	-	-	-	-	-	-	
<i>Coastal Infrastructure</i>	-	-	-	-	-	-	-	-	-	
<i>Information and Communication Infrastructure</i>	-	-	-	-	-	-	-	-	-	
Infrastructure	-	-	48 633	38 400	32 984	32 984	34 896	36 706	49 900	
Community Facilities	-	-	2 843	21 584	24 682	24 682	14 200	4 500	12 500	
Sport and Recreation Facilities	-	-	7 611	7 800	6 868	6 868	10 600	15 800	19 222	
Community Assets	-	-	10 455	29 384	31 550	31 550	24 800	20 300	31 722	
Heritage Assets	-	-	-	-	-	-	-	-	-	
Revenue Generating	-	-	-	-	-	-	-	-	-	
Non-revenue Generating	-	-	-	-	-	-	-	-	-	
Investment properties	-	-	-	-	-	-	-	-	-	
Operational Buildings	-	-	-	-	-	-	-	-	2 000	
Housing	-	-	-	-	-	-	-	-	-	
Other Assets	-	-	-	-	-	-	-	-	2 000	
Biological or Cultivated Assets	-	-	-	-	-	-	-	-	-	
Servitudes	-	-	-	-	-	-	-	-	-	
Licences and Rights	-	-	-	-	-	-	-	-	-	
Intangible Assets	-	-	-	-	-	-	-	-	-	
Computer Equipment	-	-	-	-	-	-	-	-	-	
Furniture and Office Equipment	-	-	-	-	-	-	-	-	-	
Machinery and Equipment	-	-	8 040	-	-	-	1 500	1 900	2 500	
Transport Assets	-	-	910	-	-	-	-	-	-	
Libraries	-	-	-	-	-	-	-	-	-	
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-	-	
<b>TOTAL CAPITAL EXPENDITURE - Asset class</b>		-	-	68 038	67 784	64 534	64 534	61 196	58 906	86 122

<b>ASSET REGISTER SUMMARY - PPE (WDV)</b>	5									
Roads Infrastructure		-	-	478 912	1 056 749	1 060 182	1 060 182	317 265	377 558	337 489
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		-	-	180 716	15 000	8 450	8 450	289 493	303 968	319 166
Water Supply Infrastructure		-	-	-	-	-	-	-	-	-
Sanitation Infrastructure		-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure		-	-	73 116	-	-	-	21 621	22 485	23 385
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
<b>Infrastructure</b>		-	-	732 744	1 071 749	1 068 632	1 068 632	628 379	704 071	680 040
Community Facilities		-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities		-	-	211 165	24 384	27 350	27 350	217 090	223 603	230 311
<b>Community Assets</b>		-	-	211 165	24 384	27 350	27 350	217 090	223 603	230 311
<b>Heritage Assets</b>		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	287 455	448 054	448 054	448 054	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
<b>Investment properties</b>		-	-	287 455	448 054	448 054	448 054	-	-	-
Operational Buildings		-	-	670 086	-	-	-	459 773	548 902	557 368
Housing		-	-	-	-	-	-	112 050	113 171	114 303
<b>Other Assets</b>		-	-	670 086	-	-	-	571 823	662 073	671 671
<b>Biological or Cultivated Assets</b>		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	954	1 105	1 105	-	-	-
<b>Intangible Assets</b>		-	-	-	954	1 105	1 105	-	-	-
Computer Equipment		-	-	-	-	-	-	2 613	2 717	2 772
Furniture and Office Equipment		-	-	-	-	-	-	5 768	5 884	5 942
Machinery and Equipment		-	-	-	-	-	-	2 435	2 484	2 509
Transport Assets		-	-	-	-	-	-	77 593	78 145	79 936
Libraries		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
<b>TOTAL ASSET REGISTER SUMMARY - PPE (WDV)</b>	5	-	-	1 901 451	1 545 141	1 545 141	1 545 141	1 505 701	1 678 917	1 673 181
<b>EXPENDITURE OTHER ITEMS</b>										
<b>Depreciation</b>	7	-	-	-	40 995	19 822	19 822	27 995	30 488	34 392
<b>Repairs and Maintenance by Asset Class</b>	3	-	-	-	22 034	20 004	20 004	28 603	29 513	30 269
Roads Infrastructure		-	-	-	4 564	5 214	5 214	8 275	8 786	8 829
Storm water Infrastructure		-	-	-	88	88	88	88	88	88
Electrical Infrastructure		-	-	-	3 950	4 800	4 800	7 004	7 354	7 354
Water Supply Infrastructure		-	-	-	-	-	-	-	-	-
Sanitation Infrastructure		-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-
Rail Infrastructure		-	-	-	-	-	-	10	10	10
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
<b>Infrastructure</b>		-	-	-	8 602	10 102	10 102	15 377	16 239	16 287
Community Facilities		-	-	-	-	-	-	577	605	605
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-
<b>Community Assets</b>		-	-	-	-	-	-	577	605	605
<b>Heritage Assets</b>		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
<b>Investment properties</b>		-	-	-	-	-	-	-	-	-
Operational Buildings		-	-	-	7 856	4 885	4 885	5 423	5 112	5 194
Housing		-	-	-	-	-	-	-	-	-
<b>Other Assets</b>		-	-	-	7 856	4 885	4 885	5 423	5 112	5 194
<b>Biological or Cultivated Assets</b>		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-
<b>Intangible Assets</b>		-	-	-	-	-	-	-	-	-
Computer Equipment		-	-	-	-	-	-	-	-	-
Furniture and Office Equipment		-	-	-	73	68	68	1 728	1 813	1 896
Machinery and Equipment		-	-	-	5 504	4 949	4 949	5 498	5 744	6 292
Transport Assets		-	-	-	-	-	-	-	-	-
Libraries		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
<b>TOTAL EXPENDITURE OTHER ITEMS</b>		-	-	-	63 029	39 826	39 826	56 598	60 001	64 661
<b>Renewal and upgrading of Existing Assets as % of total capex</b>		0.0%	0.0%	27.8%	71.4%	67.7%	67.7%	63.6%	52.0%	42.0%
<b>Renewal and upgrading of Existing Assets as % of deprecn</b>		0.0%	0.0%	0.0%	118.1%	220.4%	220.4%	138.9%	100.4%	105.3%
<b>R&amp;M as a % of PPE</b>		0.0%	0.0%	0.0%	1.5%	1.8%	1.8%	2.7%	2.4%	2.5%
<b>Renewal and upgrading and R&amp;M as a % of PPE</b>		0.0%	0.0%	1.0%	5.0%	4.0%	4.0%	4.0%	4.0%	4.0%

EC139 Enoch Mgijima - Table A10 Basic service delivery measurement

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Household service targets</b>	1									
<b>Water:</b>										
Piped water inside dwelling		-	-	-	-	-	-	-	-	-
Piped water inside yard (but not in dwelling)		-	-	-	-	-	-	-	-	-
Using public tap (at least min.service level)	2	-	-	-	-	-	-	-	-	-
Other water supply (at least min.service level)	4	-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-
Using public tap (< min.service level)	3	-	-	-	-	-	-	-	-	-
Other water supply (< min.service level)	4	-	-	-	-	-	-	-	-	-
No water supply		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
<b>Total number of households</b>	5	-	-	-	-	-	-	-	-	-
<b>Sanitation/sewerage:</b>										
Flush toilet (connected to sewerage)		-	-	-	-	-	-	-	-	-
Flush toilet (w/ septic tank)		-	-	-	-	-	-	-	-	-
Chemical toilet		-	-	-	-	-	-	-	-	-
Pit toilet (ventilated)		-	-	-	-	-	-	-	-	-
Other toilet provisions (> min.service level)		-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-
Bucket toilet		-	-	-	-	-	-	-	-	-
Other toilet provisions (< min.service level)		-	-	-	-	-	-	-	-	-
No toilet provisions		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
<b>Total number of households</b>	5	-	-	-	-	-	-	-	-	-
<b>Energy:</b>										
Electricity (at least min.service level)		-	-	-	-	58 344	59 222	61 406	61 406	61 406
Electricity - prepaid (min.service level)		-	-	-	-	21 638	23 561	24 267	24 267	24 267
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	79 982	82 783	85 673	85 673	85 673
Electricity (< min.service level)		-	-	-	-	-	-	-	-	-
Electricity - prepaid (< min. service level)		-	-	-	-	23 561	23 561	24 150	24 150	24 150
Other energy sources		-	-	-	-	1 023	1 023	1 223	1 483	1 854
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	24 584	24 584	25 373	25 633	26 004
<b>Total number of households</b>	5	-	-	-	-	104 566	107 367	111 046	111 306	111 677
<b>Refuse:</b>										
Removed at least once a week		-	-	-	-	28 649	28 649	29 716	29 716	29 716
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	28 649	28 649	29 716	29 716	29 716
Removed less frequently than once a week		-	-	-	-	-	-	-	-	-
Using communal refuse dump		-	-	-	-	251	262	269	269	269
Using own refuse dump		-	-	-	-	-	-	-	-	-
Other rubbish disposal		-	-	-	-	3 774	3 883	3 982	3 982	3 982
No rubbish disposal		-	-	-	-	3 620	3 620	3 760	3 760	3 760
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	7 645	7 765	8 011	8 011	8 011
<b>Total number of households</b>	5	-	-	-	-	36 294	36 414	37 727	37 727	37 727
<b>Households receiving Free Basic Service</b>	7									
Water (6 kilolitres per household per month)		-	-	-	-	-	-	-	-	-
Sanitation (free minimum level service)		-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per household per month)		-	-	-	-	21 028	21 028	21 028	21 449	22 092
Refuse (removed at least once a week)		-	-	-	-	-	-	11 799	12 749	13 006
<b>Cost of Free Basic Services provided - Formal Settlements (R'000)</b>	8									
Water (6 kilolitres per indigent household per month)		-	-	-	-	-	-	-	-	-
Sanitation (free sanitation service to indigent households)		-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per indigent household per month)		-	-	-	-	10 722	10 722	10 968	11 258	11 821
Refuse (removed once a week for indigent households)		-	-	-	-	-	-	14 477	15 201	15 961
<b>Cost of Free Basic Services provided - Informal Formal Settlements (R'000)</b>		-	-	-	-	522	522	522	756	954
<b>Total cost of FBS provided</b>		-	-	-	-	11 243	11 243	25 967	27 215	28 736
<b>Highest level of free service provided per household</b>										
Property rates (R value threshold)				3 620 559	3 851 659	3 851 659	3 851 659	4 044 242	4 246 454	4 501 241
Water (kilolitres per household per month)										
Sanitation (kilolitres per household per month)										
Sanitation (Rand per household per month)										
Electricity (kwh per household per month)				50	50	50	50	50	50	50
Refuse (average litres per week)				4	4	4	4	4	4	4
<b>Revenue cost of subsidised services provided (R'000)</b>	9									
Property rates (tariff adjustment) (impermissible values per section 17 of MPRA)				4 123	4 023	4 023	4 023	4 224	4 435	4 657
Property rates exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA		-	-	-	-	-	-	-	-	-
Water (in excess of 6 kilolitres per indigent household per month)		-	-	-	-	-	-	-	-	-
Sanitation (in excess of free sanitation service to indigent households)		-	-	-	-	-	-	-	-	-
Electricity/other energy (in excess of 50 kwh per indigent household per month)		-	-	-	-	-	-	-	-	-
Refuse (in excess of one removal a week for indigent households)		-	-	-	-	-	-	-	-	-
Municipal Housing - rental rebates		-	-	-	-	-	-	-	-	-
Housing - top structure subsidies		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
<b>Total revenue cost of subsidised services provided</b>	6	-	-	4 123	4 023	4 023	4 023	4 224	4 435	4 657

## Supporting Documentation

Section 17(3) of the MFMA requires certain documents must accompany the budget.

### 7. Budget Process Overview

The following schedule was adopted by the Council in August 2017 and was followed in the preparation of the 2018/19 medium term budget document. This process plan was followed in conjunction with the IPED directorate who are responsible for the review of the Integrated Development Plan. The intention is to ensure that the budget is aligned to the IDP.

#### Lukhanji Municipality

#### 1) Approved schedule for the IDP / PMS and Budget REVIEW PROCESS PLAN – 2017 / 2018

The below schedule was approved by Council on the 30<sup>th</sup> August 2017, for purposes of ensuring compliance with the municipal legislation and alignment between integrated development planning activities and those of budget review process

#### Adopted IDP/PMS and Budget Review Process Plan 2017/2018

ACTIVITY PLAN	MECHANISM	PERFORMANCE AREA	RESPONSIBLE	TIME FRAME
<b>PLANNING PHASE- (JULY, AUGUST )</b>				
Development of the IDP/Budget and PMS Process plan	IDP/Budget/ PMS working session	IDP/Budget and PMS process plan	IDP and Budget managers	July – August -2017
Draft IDP process plan that guide the planning, drafting, development and adoption of the IDP (MSA, s 28)	Directors Meeting	IDP and Budget Process plan tabled to Directors	Director IPED	17 July 2017
Draft IDP process plan that guide the planning, drafting, development and adoption of the IDP (MSA, s 28)	Standing committee meeting	IDP and Budget Process plan tabled to the Standing Committee	Acting Director IPED/IDP Manager	?

Draft IDP process plan that guide the planning, drafting, development and adoption of the IDP (MSA, s 28)	MAYCO meeting	IDP and Budget Process plan tabled to MAYCO	Municipal Manager	25 July 2017
Draft IDP process plan that guide the planning, drafting, development and adoption of the IDP (MSA,28)	Directors meeting	IDP Process plan tabled to the Directors	Director IPED	16 July 2017
Draft IDP process plan that guide the planning, drafting, development and adoption of the IDP (MSA,28)	IDP Steering Committee meeting	IDP Process Plan presented to the IDP Steering Committee	MM	31 July 2017
2016/17 Unaudited Financial Statements submitted to Auditor-General, IDP/Budget/PMS process plan	Audit Committee meeting	2016/17 Annual Financial Statements tabled to Audit Committee for quality check	MM/CFO	25 August 2017
2016/17 Unaudited Financial Statements submitted to Auditor-General, IDP/Budget/PMS process plan	MAYCO meeting	2016/17 Annual Financial Statements tabled to MAYCO for noting	MM/CFO/Chair of the Audit Comm	25 August 2017
2016/17 Unaudited Financial Statements submitted to Auditor-General, IDP/Budget/PMS Process plan.	Council Meeting	Noting by Council Meeting	Executive Mayor/MM/CFO	31- August- 2017
2016/17 Unaudited Audit Report submitted to Auditor General and tabled before	Submission to AG	Submission to AG	MM/CFO	31- August -2016

Council				
Advertise IDP/Budget/PMS Process Plan	Publication in the local newspapers and municipal website	Public Comments	Interim MM/ IDP Manager	09-September -2017
<b>ANALYSIS PHASE (SEPTEMBER, OCTOBER, NOVEMBER, DECEMBER)</b>				
Induction Workshop for Council	Workshop	Council Induction	MM & Director Corporate Services	15 September 2017
IDP REP Forum to present approved IDP/budget /PMS process plan	IDP/Budget Rep Forum	Presentation of the IDP/Budget/ PMS Process	Executive Mayor MM, All Directors	20 Tues -September - 2017
Institutional wide Strategic Planning Session	Institutional Strategic Session	Review of status quo and incorporation of ABCD information – (Analysis Phase)	Enoch Mgijima Municipality and relevant key stakeholders	20 - 22 September 2017
Finance Committee	Revision of draft estimates	OPEX Preparations  Preliminary discussion of Finance committee, to determine tariff increases, salary increase, general expanses, repairs and maintenance. Key future changes to be reflected considering all strategies and studies. Develop priority areas, reflect on all factors that could potentially impact on future budgets.	Finance committee Municipal Manager CFO	04 – 06 October 2017
HR and Budget collate Personnel Request Forms and analyze results through staff key book or payroll information	Collect and analyse the information	Budget Preparation Process	Director Corporate Services, CFO, Manager Budget and Financial Reporting , Manager Expenditure all Directors	03 – 13Oct -2017



Technical Steering Committee	IDP Steering committee meeting	Hold a self-assessment dialogue to review performance of the municipality and determine short comings and weakness. Discuss Infrastructure plan for the municipality	Municipal Manager CFO, Infrastructure Manager IDP Manager	11- October -2017
IGR Meeting	IGR Meeting	Dialogue and information sharing on Sector Departments Plans regarding community needs programme.	Municipal Manager IDP Manager	12- October- 2017
Workshop for Ward Committees on IDP/Budget Process	Workshop	IDP/Process Plan workshop	MM's Office , Corporate Services	3-14 October -2017
Ward IDP Process/ Ward needs	Collection of community needs	Present the programme for community needs collection to the Councillors.  Community needs collection, prioritised and ranked by ward residents.  Engage communities on Ward based needs assessment.	Office of the Speaker Ward Councillors Municipal Manager Municipal Directors IDP Manager	17-27 October -2017
Analyze results of personnel expenditure and communicate to Directorates	Information Analysis	Personnel Expenditure	CFO and Manager Budget and Financial Reporting	24- 27 October- 2017
Special Finance Committee	Revision of draft estimates	OPEX Preparations  To prepare draft capital and operational plan with cost and revenue estimates for IDP. HOD's to access Human Resource component of the operating budget for the next year and for the two outer years.	Finance Committee; MM & IDP Manager	31 -October- 2017
Submission of 1 <sup>st</sup> Quarter Financial Report to Council	First Quarter Report Submission	Financial Reporting	Executive Mayor	31- October- 2017

Technical meeting	IGR	IGR Meeting	Reflection on community needs and path way forward. Assess provincial strategic plan and sector plans	Sector Departments HOD IDP Manager Municipal Manager	8- November -2017
Check with National, Provincial Governments and District Municipalities for any information in relation to budget and adjustment budget to projected allocations for the next three years.		Information collection and analysis	Budgeting Process	Manager Budget and Financial Reporting and CFO	2- 6 November- 2017
Discuss Draft audit report from the Auditor-General for the 2015/2016 financial statements		Discussion on Draft Audit Report	Budgeting Process	CFO and MM	10 -November -2017
Submission of Budget Request Forms General Expenses-Capital outlay, Capital Budget, Operating Projects and Review of Tariffs		Submission of Budget Request	Budgeting Process	All Directors	1-17 November -2017
IDP Rep Forum		IDP Rep Forum	Present progress report on the ward priority needs. Identify gaps in preparation for the next phase.	Municipal Manager IDP Manager	24 -November -2017
CFO to collate budgets and analyze results		Information analysis	Municipal Budgeting process	CFO, Manager Budgeting and Reporting	21-24 November -2017
Submit process plan for Review of Budget Related Policies and issuing of Audit Report		Review of budget related policies	Municipal Budgeting process	CFO	30- November -2017
Management to compile audit action plan to		Development of Audit Action Plan	Audit Outcomes	MM and all Directors	5-7- December- 2017

address issued raised by Auditor General				
Technical Committee meeting to Review three year capital budget ,Operating projects and Tariffs	Review of capital projects and tariffs	Municipal Budgeting process	All Directors	7- December -2017
<b>STRATEGIES PHASE DEVELOPMENT OF VISION, MISSION ,STRATEGIES, PROGRAMME AND PROJECTS (JANUARY, FEBRUARY )</b>				
Check with National, Provincial Governments & District Municipalities for any adjustments to projected allocations for the next three years	Verification of budget projections	Municipal Budgeting Process	Manager Budget and Financial Reporting and CFO	09-12 January- 2018
Quarter 2 Performance Report	Reporting	SDBIP Monitoring	MM/IDP/PMS	17 -January -2018
Draft Annual Report	Reporting	Annual development Report	MM , HOD's	19 -January -2018
Midyear Performance	Reporting	Performance information submission	MM ,HOD's	22 -January -2018
Special Council Meeting – Table in to the Council oversight report, the audit report for 2016/17 and Mid –year report 2017/18	Special Council Meeting	Tabling of reports to Council as prescribed by Legislation	Executive Mayor and MPAC Chair	25 -January- 2018
Budget adjustment Consultation Process begins	Consultation on budget adjustment	Budget Revision Process	Manager Budget and Financial Reporting and CFO	5 – 9 February -2018
Submit to National Treasury, Provincial Treasury and the MEC responsible	Submission of AFS , Annual Report, Audit Report to National	Submission of Reports to National Treasury.	MM and CFO	2-12 February 2018

for Local Government the annual report, Annual financial statements, the audit report and any corrective action taken in response to the findings of the audit report relating to 2015	Treasurer			
IDP/ Budget/PMS Steering Committee	IDP Steering Committee meeting	Develop municipal strategies, Objectives KPA's, KPI and targets so as to influence the budget. Set and agree on IDP priority programmes/projects and Strategies. To discuss the and Finalize the Draft MTREF Budget and 1 <sup>st</sup> Adjustment Budget	Municipal Manager Directors	13-16 February -2018
Institutional Strategic Planning	Strategic Session	Quarterly performance reporting. HOD's to present IDP Projects / Programmes, Capital and Operational budgets, Service delivery backlogs, HR issues (institutional capacity), Financial situation, Spatial socio-economic, and environment.	Municipal Manager HOD	21-23 February -2018
Council to approve 1 <sup>st</sup> Adjustment Budget	Council adopts adjusted Budget	Municipal Budgeting Process	Executive Mayor and Municipal Manager	28 -February- 2018
High level draft SDBIP	Executive Mayor	HOD's to present their Implementation plans i.e. Define indicators, outputs and targets; identify major activities, time frames and responsibilities, Setting targets and key performance indicators , outlining the	MM, HOD'S, IDP/PMS	08- March -2018

		Projects cost and institutional resources needed.		
2018/19 First Draft Budget to IDP, Budget and PMS Technical Committee	IDP/Budget /PMS Steering Committee to consider the first draft	Municipal Budgeting Process	CFO and Manager Budget and Financial Reporting	15- March- 2018
Budget discussions in the IDP/Budget/ PMS Steering Committee	IDP/Budget /PMS Steering Committee to discuss budget items.	Finalise alteration if applicable. Submission of altered draft budget to Executive Mayor and Mayoral Committee. Integrate and align Budget and IDP	Portfolio Head Budget and Treasury & CFO	23 -March -2018
<b>ALIGNMENT AND INTERGRATION- MARCH,APRIL</b>				
Technical Steering Committee	Horizontal and Vertical alignment with District, Province, National	Integrated sectoral programme, (LED, HIV, Poverty Alleviation, Gender Equity etc) Consolidated monitoring /performance management system, Disaster Management plan, institutional Plan, Reference to sector plans.	All Head of Department	26 -March- 2018
Approval of Electricity Tariffs by NERSA	Approval of Tariffs	Budgeting Process	Manager Budget and Financial Reporting, CFO and Senior Manager Electrical	1- 28 March -2018
Council adopts First Draft IDP/ Budget/ PMS Framework.	Council	Submission of Mayoral Committee report on draft budget and draft IDP to full Council	Mayor Municipal Manager CFO	30- March- 2018
Submit draft IDP/Budget and SDBIP to relevant authorities		Submit draft copies of IDP and budget to DLGTA and Provincial Treasury	MM/IDP Manager	10 -April -2018
Publication of the draft IDP/Budget (MSA)	Publication for Community Participation	Advertising the draft budget and draft IDP for public comments for a period of 21 days Consolidate project	MM/IDP Manager	13- April -2018

		proposals in terms of location and sector		
Quarter 3 Performance reporting by HOD's (Jan - March))	Reporting	SDBIP Monitoring	MM and HOD'S	11- April -2018
Draft IDP and Budget	Mayoral Imbizo	IDP/ Budget Road show public hearings in different wards of Enoch Mgijima	Executive Mayor, MAYCO, Municipal Manager Directors IDP Manager Budget Office	17- 30 April- 2018
IGR Technical meeting	IGR meeting	Integration and alignment	Municipal Manager office	30 -April -2018
<b>APPROVAL PHASE- MAY</b>				
IDP/PMS Managers Session	Planning and IDP/PMS Process plans	Monitoring and support	CHDM IPED and All LM's	03 -May -2018
Final Draft Budget to IDP, Budget and PMS Technical Committee	IDP, Budget and PMS Technical Committee	Budget Processes and Strategic Planning	Manager Budget and Financial Reporting and CFO	16- May -2018
SDBIP Engagements	IDP/PMS	SDBIP Development	MM, HOD'S IDP/PMS/Budget Managers	21 – 23 May -2018
Final Draft Budget to IDP, Budget and PMS Steering Committee	IDP, Budget and PMS Steering Committee	Budget Processes and Strategic Planning	Portfolio Head Budget and Treasury	24 -May -2018
Adoption Enoch Mgijima Council Approval of Final 2017-2022 IDP & Budget	Council Meeting	Final Adoption of the IDP and Budget	Executive Mayor Municipal Manager	31- May- 2018
Submission of the final IDP to relevant authorities (COGTA,NT)	MEC IDP submission		IDP Manager	08- June- 2018
<b>PERFORMANCE MANAGEMENT SYSTEM</b>				

SDBIP and PMS	SDBIP and PMS	Submission of draft Services delivery and implementation plan with in 14days after the approval of the budget to the Executive Mayor in accordance with Circular 13 of the MFMA. Submission of draft annual performance agreements for the next year to the mayor	Municipal Managers Office	14 -June- 2018
Public Engagement on approved IDP/Budget	IDP/Budget development process	Community Participation	Executive Mayor, MM, HOD'S	19-29-June 2018
SDBIP	Management	Approval of SDBIP within 28day after the approval of the budget. Loading accounting system with new budget data Implementation of SDBIP	Executive Mayor	20-June- 2018
Performance reporting for quarter 4 (April - June))	Reporting	SDBIP Monitoring		13- July- 2018
Public awareness with 14 days after the approval.	Advert	Advertising in all public viewing places and media.	IDP Manager &MM	6 -July- 2018

### *Political Oversight*

Every Municipal Budget is a political document. Although most of the technical preparation of the document is performed by staff, the budget is, in accordance with the MFMA, the Mayor's document. The Mayor and the Mayoral committee were involved with the budget at every step. Their guidance and direction shape the outlook of the budget and what should be contained in it.

In July 2017 the mayor appointed a 'Budget' Steering committee to assist in the political oversight of the budget process. This committee met regularly to review each step of the budget's development. It was this committee that made the major political decisions regarding policies, tariffs and funding issues.

### *Budget Development Overview*

The 2018/19 budget process began in July 2017 with the development of a Budget Schedule. This schedule outlined the key steps, milestones and timetables for the budget process. The Mayoral Committee also reviewed and approved the 'Budget Preparation and Financial Guidelines' that list the assumptions, goals and roles and responsibilities used in preparing the new budget.

In August 2017 the Mayoral committee approved the budget preparation schedule and tabled the same to council.

During the months of September through January 2017/18 the baseline budget was prepared using the approved guidelines and assumptions. Each directorate was given the opportunity to make changes within their operating budgets. Directorates were also requested to submit capital requests and supplemental operating requests on items such as personnel and new programs.

Concurrent with this process various committees were appointed to review and make recommendations on the municipality's various budget related policies.

At the end of January a first draft budget was prepared using all available data and in March this report was presented to the Mayoral Committee.

On the 19th of March 2018 a draft budget was presented to the Budget Technical steering committee along with a list of recommendations for items such as tariff increases and miscellaneous items.

The draft budget will be tabled in council on the 29<sup>th</sup> of March 2018 together with the revised IDP for the 2018/19 budget year.

The draft budget was then taken to budget road show in April and May to allow for public participation. That exercise afforded the community an opportunity to interact with the municipal officials and the political leadership of the municipality. Inputs from these engagements with the community was incorporated into the final budget to be presented to Council on the 31st of May.



## 8. Alignment of Budget with Integrated Development Plan

*Each year the IDP must be reviewed as required by the Municipal Systems Act and MFMA. It should be reviewed in terms of performance in achieving outcomes and outputs, since the current financial position and the future fiscal outlook for the municipality will have a direct bearing on delivery. The review should ensure that the plans are still within the financial capacity of Enoch Mgijima Local Municipality. This section should give readers a good understanding of what is contained in the IDP and how that guides the allocations in the budget. The intention is not to attach the IDP as an annexure or to repeat everything in the IDP. However, it is critical that the user of the budget documentation obtains a good high-level overview of the IDP and be referred to the detailed IDP documentation.*

### Vision

Enoch Mgijimai Municipality to be a municipality of choice that seeks to work closely with its people, and to promote governance, economic growth and sustainable delivery of services

### Mission

To strive for financial and administrative stability while providing effective, affordable, sustainable integrated development to achieve socio economic upliftment, stability and growth.

### Value

In addition to the Batho Pele principles, our municipality commits itself to upholding the following set of values:

Good Governance  
Accountability  
Public Participation  
People Development  
Teamwork  
Integrity  
Tolerance  
Honesty  
Responsibility  
Trust

### Enoch Mgijima Local Municipality Key Priorities 2017 -2022

Priorities as determined by the communities through the ward councilors and endorsed by the IDP Representative Forum

#### 1. Infrastructure and Basic Services

### KPA: Infrastructure Development

**Strategic objective: To provide sustainable, appropriately serviced and well maintained technical infrastructure by 2022**

### **Performance objectives**

- 1 To provide project management and administration services
- 2 To provide and maintain municipal roads and storm water infrastructure
- 3 To provide and maintain municipal electricity infrastructure network and services
- 4 To provide civil engineering services
- 5 To ensure effective building control within EMLM area
- 6 To manage municipal facilities

## **2. KPA: Municipal Financial Viability and Management**

Strategic objective: To ensure institutional financial sustainability and viability by 2022

### **Performance objectives**

- 1 To ensure sound and sustainable management of municipal finances
- 2 Ensure efficient and effective procurement of goods and services
- 3 To ensure 43% recovery of costs incurred in providing Electricity and other Services
- 4 To ensure 80% collection rate on all billable services
- 5 To ensure EMLM Assets are adequately managed and monitored
- 6 To ensure clean and accountable governance

## **KPA: Governance and Public Participation**

**Strategic objective: To exercise administrative and operational oversight, ensure good governance and public participation and engagement by 2022**

### **Performance objectives**

- 1 To coordinate municipal key performance areas
- 2 To provide communication services and stakeholder engagement
- 3 To monitor and management municipal performance
- 4 To facilitate provision of service to people with special needs
- 5 To exercise administrative oversight
- 6 To provide advice to Council
- 7 To perform internal auditing and risk management
- 8 To facilitate provision of legal services to the municipality
- 9 To coordinate the Expanded Public Works Programme
- 10 To provide municipal oversight
- 11 To develop and implement Service Delivery and Budget Implementation Plan

4.

**KPA: Municipal Transformation and Development**

**Strategic objective: To ensure institutional transformation, development of a capable human capital and provide administrative support by 2022**

**Performance objectives**

- 1 To ensure safe record keeping and recovery of documents
- 2 To develop an institutional capacity for the benefit of Municipal Councillors and Employees
- 3 To provide council support
- 4 To manage municipal fleet
- 5 To ensure provision of an effective and efficient human resources administration
- 6 To provide ICT services to the municipality

5.

**KPA: Community Safety**

**Strategic objective: To ensure community safety and protected working environment by 2022**

**Performance objectives**

- 1 To ensure community safety
- 2 To provide traffic management administration and services
- 3 To provide licencing services of vehicles and motor-cycles
- 4 To provide fire and disaster management services
- 5 To provide security for all municipal assets

6.

**KPA: Basic Services**

**Strategic objective: To provide community development services and ensure a clean environment by 2022**

**Performance objectives**

- 1 To provide and maintain parks and open spaces
- 2 To ensure proper quality and sustainable use of public amenities
- 3 To ensure environmental safety and management
- 4 To ensure a clean and healthy environment
- 5 To provide and promote library services

7.

**KPA: Town Planning and Human Settlements**

**Strategic objective: To provide sustainable human settlements and undertake spatial planning and land use management for economic growth by 2022**

**Performance objectives**

- 1 To implement SPLUMA legislation
- 2 To develop an efficient and effective land use management system
- 3 To facilitate land acquisition and disposal
- 4 To the municipal and maintain municipal real estate
- 5 To develop a single effective land administration system
- 6 To ensure an effective and integrated Geographic Information Management System
- 7 To promote spatial restructuring, integration and reduce spatial fragmentation
- 8 To manage and maintain municipal housing facilities
- 9 To lease out municipal properties in order to generate revenue
- 10 To comply with National Housing Rental Act
- 11 To provide Sustainable human settlements for all income categories

8.

**KPA: Local Economic Development**

**Strategic objective: To facilitate sustainable and inclusive economic growth and development through sustainable economic opportunity enhancement and rural development by 2022**

**Performance objectives**

- 1 To develop and review the Integrated Development Plan
- 2 To facilitate industrial development
- 3 To facilitate enterprise development
- 4 To facilitate tourism and heritage development
- 5 To facilitate agriculture and rural development

**WARD - BASED PROJECTS AND THE BUDGET**

The IPED unit conducted a consultation process with the various wards and came up with projects that they wish should be executed within the next five years. The projects were documented in the Integrated Development Plan for the municipality. These projects are listed here below for ease of reference.

From the budget perspective these projects will be phased in five years. The 2017 2020 medium term revenue and expenditure frame will fund some of these projects whilst the rest will be in the next MTERF

The budget process has led to the crafting of the municipality's strategic objectives that was effectively linked with the IDP in the strategic session held on the 14<sup>th</sup> to the 16<sup>th</sup> of February 2018.

The tables that follow in the next pages show how the operational budget and the capital projects are linked to the IDP.

MTREF OPERATING BUDGET FOR 2018-2019					
DIRECTORATE	KPA	OBJECTIVE	PROJECT	FUNDING SOURCE	2018/19
Budget and Treasury	Good Governance and Public Participation	Improve internal controls for clean administration purposes by continuous implementation of policies and legislation by June 2018	Improve 2018 /19 Audit outcome	OWN	2 216 000
Budget and Treasury	Financial Viability	To increase municipal revenue by 20% by ensuring full implementation of revenue strategy by June 2019	Improve indigent system /Indigent Registration	OWN	520 000
Corporate Services	Good Governance and Public Participation	To mobilise for a buy in of internal and external stakeholders by June 2019	Establishment of Customer Care Centre	OWN	500 000
Executive Offices	Good Governance and Public Participation	To develop an effective and efficient communication systems that seeks to maximise public participation through involvements of key stakeholders including traditional leaders and designated groups by June 2019	Public Participation	OWN	750 000
Human Settlement	Basic Services and Infrastructure Development	To provide sustainable human settlement by June 2019	SPLUMA	OWN	750 000
Human Settlement	Basic Services and Infrastructure Development	To provide sustainable human settlement by June 2019	Whittlesea Town Planning SDF	OWN	500 000

IPED	Local Economic Development	To promote and facilitate economic development through policy and sector development in Lukhanji by June 2019	Support Programmes for the SMMEs and Cooperatives.	OWN	800 000
IPED	Local Economic Development	To promote and facilitate economic development through policy and sector development in Lukhanji by June 2019	Promotion of tourism	OWN	780 000
IPED	Local Economic Development	To promote and facilitate economic development through policy and sector development in Lukhanji by June 2019	Maintenance of Sterkstroom Municipal offices	OWN	600 000
Office of the MM	Good Governance and Public Participation	To develop an effective and efficient communication systems that seeks to maximise public participation through involvements of key stakeholders including traditional leaders and designated groups by June 2019	1. Newsletter and Other Communication Programmes	OWN	800 000
Office of the MM	Good Governance and Public Participation	To develop programmes recognising designated groups by June 2019.	Mayors Cup	OWN	300 000
Office of the MM	Institutional Arrangement and Organisational Transformation	To encourage wellness of employees by June 2019	SALGA Games	OWN	200 000
Office of the MM	Institutional Arrangement and Organisational Transformation	To encourage wellness of employees by June 2019	Support Programmes for Wellness	OWN	300 000

Office of the MM	Good Governance and Public Participation	Improve internal controls for clean administration purposes by continuous implementation of policies and legislation by June 2019	Functioning of Audit Committee	OWN	400 000
Office of the MM	Good Governance and Public Participation	To ensure that performance management system is functional by June 2019	Cascading of Performance management Systems	OWN	500 000
Public Safety	Basic Services and Infrastructure Development	To provide a consolidated project management on infrastructure development within the institution by June 2019	Rehabilitation of Fire services	OWN	510 000
Public Safety	Basic Services and Infrastructure Development	To provide a consolidated project management on infrastructure development within the institution by June 2019	Rehabilitation of drivers testing centre Whittlesea	OWN	400 000
Technical Services	Good Governance and Public Participation	Improve internal controls for clean administration purposes by continuous implementation of policies and legislation by June 2019	Rehabilitation and Maintenance of Hofmeyer Revenue collection unit	OWN	350 000
<b>TOTAL</b>					<b>11 176 000</b>



MTREF OPERATING BUDGET FOR 2018-2019					
DIRECTORATE	KPA	OBJECTIVE	PROJECT	FUNDING SOURCE	2018/19
Budget and Treasury	Financial Viability	To increase municipal revenue by 20% by ensuring full implementation of revenue strategy by June 2019	Salaries and Allowances	FMG	940 000
Budget and Treasury	Financial Viability	To increase municipal revenue by 20% by ensuring full implementation of revenue strategy by June 2019	Improve Audit Outcome	FMG	2 025 000
Budget and Treasury	Financial Viability	To increase municipal revenue by 20% by ensuring full implementation of revenue strategy by June 2019	General Valuation Roll	FMG	2 000 000
Budget and Treasury	Financial Viability	To increase municipal revenue by 20% by ensuring full implementation of revenue strategy by June 2019	Training of Interns	FMG	550 000
Budget and Treasury	Financial Viability	To increase municipal revenue by 20% by ensuring full implementation of revenue strategy by June 2019	Indigent Registration and Verification	FMG	500 000
<b>TOTAL</b>					<b>6 015 000</b>

*The tables contained in the following pages attempt to align the draft budget with the IDP.*

8.2 – Table SA4 – Reconciliation of IDP strategic objectives and Budget – Revenue

8.3 – Table SA5 – Reconciliation of IDP strategic objectives and Budget – Operating Expenditure

8.4 – Table SA6 – Reconciliation of IDP strategic objectives and Budget – Capital Expenditure

EC139 Enoch Mgijima - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)

Strategic Objective	Goal	Goal Code	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework			
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21	
R thousand													
To Provide Traffic Management Administration And Services				-	-	-	10 458	10 148	10 148	11 198	12 816	14 458	
To Provide Sustainable Human Settlements For All Income Categories				-	-	-	1 300	6 500	6 500	-	-	-	
To Provide Provide Project Management And Administration Services				-	-	-	3 150	3 150	3 150	398	398	398	
To Provide Fire And Disaster Management Services				-	-	-	1	1	1	1	1	1	
To Provide Community Development Services And Ensure A Clean Environment By 2022				-	-	-	6	6	6	6	6	6	
To Provide And Promote Library Services				-	-	-	5 283	5 322	5 322	5 322	5 322	5 322	
To Provide And Maintain Parks And Open Spaces				-	-	-	153	94	94	153	153	153	
To Provide And Maintain Municipal Roads And Storm Water Infrastructure				-	-	-	6 239	6 239	6 239	39	39	39	
To Provide And Maintain Municipal Electricity Infrastructure Netork And Services				-	-	-	262 195	250 754	250 754	270 259	297 441	319 322	
To Provide Advice To Council				-	-	-	112 764	112 881	112 881	117 444	127 112	137 702	
To Manage And Maintain Municipal Housing Facilities				-	-	-	420	420	420	420	420	420	
To Lease Out Municipal Properties In Order To Generate Revenue				-	-	-	2 069	2 023	2 023	2 144	2 023	2 023	
To Facilitate Provision Of Service To People With Special Needs				-	-	-	-	-	-	-	-	-	
To Exercise Administrative Oversight				-	-	-	5 677	5 589	5 589	4 253	-	-	
To Ensure Sound And Sustainable Management Of Municipal Finances				-	-	-	55 362	35 239	35 239	52 096	50 397	40 176	
To Ensure Proper Quality And Sustainable Use Of Public Amenities				-	-	-	82	82	82	82	82	82	
To Ensure Community Safety				-	-	-	1 094	1 555	1 555	1 555	1 566	1 578	
To Ensure A Clean And Healthy Environment				-	-	-	69 424	63 313	63 313	69 424	75 234	79 517	
To Ensure 80% Collection Rate On All Billable Services				-	-	557 200	129 116	117 116	117 116	129 158	139 391	146 803	
To Develop And Review The Integrated Development Plan				-	-	-	647	647	647	-	-	-	
To Provide Sustainable Human Settlements And Undertake Spatial Planning And Land Use Management For Economic Growth				-	-	-	1 011	1 521	1 521	11	11	11	
Allocations to other priorities				2									
Total Revenue (excluding capital transfers and contributions)				1	-	-	557 200	666 453	622 603	622 603	663 964	712 414	748 014

EC139 Enoch Mgijima - Supporting Table SA6 Reconciliation of IDP strategic objectives and budget (capital expenditure)

Strategic Objective	Goal	Goal Code	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand												
To Provide And Maintain Parks And Open Spaces				-	-	-	7 800	6 868	6 868	10 600	15 800	22 222
To Provide And Maintain Municipal Roads And Storm Water Infrastructure				-	-	68 038	26 400	26 734	26 734	28 734	26 106	17 400
To Provide And Maintain Municipal Electricity Infrastructure Netork And				-	-	-	15 000	8 450	8 450	6 162	7 600	23 500
To Manage And Maintain Municipal Housing Facilities				-	-	-	9 584	11 982	11 982	8 800	-	-
To Exercise Administrative Oversight				-	-	-	-	-	-	-	-	-
To Ensure Sound And Sustainable Management Of Municipal Finances				-	-	-	1 500	1 500	1 500	1 500	1 900	2 500
To Ensure Proper Quality And Sustainable Use Of Public Amenities				-	-	-	-	-	-	-	-	3 500
To Ensure Community Safety				-	-	-	-	-	-	-	-	2 000
To Ensure A Clean And Healthy Environment				-	-	-	1 500	3 000	3 000	800	7 500	15 000
To Develop And Review The Integrated Development Plan				-	-	-	6 000	6 000	6 000	4 600	-	-
Allocations to other priorities			3									
Total Capital Expenditure			1	-	-	68 038	67 784	64 534	64 534	61 196	58 906	86 122

EC139 Enoch Mgijima - Supporting Table SA5 Reconciliation of IDP strategic objectives and budget (operating expenditure)

City of Edinburgh - Supporting Table 3A5 Reconciliation of LRI Strategic Objectives and Budget (Operating Expenditure)												
Strategic Objective	Goal	Goal Code	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand												
To Provide Traffic Management Administration And Services				-	-	-	24 953	25 318	25 318	29 798	26 946	28 820
To Provide Sustainable Human Settlements For All Income Categories				-	-	-	20 945	25 795	25 795	21 155	21 589	22 689
To Provide Provide Project Management And Administration Services				-	-	-	8 828	9 268	9 268	7 900	6 751	7 098
To Provide Ict Services To The Municipality				-	-	-	1 111	621	621	1 111	1 166	1 225
To Provide Fire And Disaster Management Services				-	-	-	2 994	2 996	2 996	3 600	3 235	3 403
To Provide Community Development Services And Ensure A Clean Environment By 2022				-	-	-	7 162	7 292	7 292	7 278	10 438	11 064
To Provide And Promote Library Services				-	-	-	7 993	8 007	8 007	9 052	8 987	9 566
To Provide And Maintain Parks And Open Spaces				-	-	-	16 384	16 415	16 415	17 536	18 350	19 515
To Provide And Maintain Municipal Roads And Storm Water Infrastructure				-	-	-	44 518	36 741	36 741	43 500	43 590	45 189
To Provide And Maintain Municipal Electricity Infrastructure Netork And Services				-	-	1 099 425	265 589	259 127	259 127	323 945	327 824	342 044
To Provide Advice To Council				-	-	-	44 128	41 988	41 988	44 475	44 728	46 801
To Manage Municipal Facilities				-	-	-	7 057	7 467	7 467	7 037	7 491	7 899
To Manage And Maintain Municipal Housing Facilities				-	-	-	4 487	4 500	4 500	4 922	4 876	5 104
To Lease Out Municipal Properties In Order To Generate Revenue				-	-	-	11 016	6 043	6 043	9 016	9 023	11 856
To Facilitate Provision Of Service To People With Special Needs				-	-	-	3 046	2 296	2 296	3 036	4 272	4 438
To Exercise Administrative Oversight				-	-	-	35 074	23 987	23 987	28 334	27 685	29 038
To Ensure Sound And Sustainable Management Of Municipal Finances				-	-	-	62 310	55 927	55 927	55 721	51 508	53 201
To Ensure Proper Quality And Sustainable Use Of Public Amenities				-	-	-	966	968	968	1 442	1 536	1 597
To Ensure Community Safety				-	-	-	20 895	20 377	20 377	19 609	20 271	21 176
To Ensure A Clean And Healthy Environment				-	-	-	46 001	41 950	41 950	53 543	42 134	44 886
To Ensure 80% Collection Rate On All Billable Services				-	-	-	8 269	5 269	5 269	6 269	6 770	7 109
To Develop And Review The Integrated Development Plan				-	-	-	10 679	10 679	10 679	8 910	9 619	10 073
To Provide Sustainable Human Settlements And Undertake Spatial Planning And Land Use Management For Economic Growth				-	-	-	12 049	9 822	9 822	9 824	13 991	14 655
Allocations to other priorities												
Total Expenditure			1	-	-	1 099 425	666 453	622 853	622 853	717 010	712 779	748 447

## 9 Budget Related Policies and Bylaws Overview and Amendments

In line with section 17(3) (e) when annual budget is tabled in terms of section 16(2), it must be accompanied by any proposed amendments to the budget related policies. The following budget will be tabled with final policies and by laws, a process of having community comments have been done in April and May however final policies are therefore tabled together with final budget.

Budget related policies and a bylaw includes the following:

- Final Reviewed Property Rates Policy
- Final Reviewed Budget Policy
- Final Reviewed Cash Management and Investment Policy
- Final Reviewed Write Off Policy
- Final Reviewed Credit Control Policy
- Final Reviewed Virement Policy
- Final Reviewed Asset Management Policy
- Final Reviewed Indigent Policy
- Final Reviewed Supply Chain Management Policy

Below is the summary of each reviewed policies:

### Draft Reviewed Property Rated Policy and Bylaw

This policy is used to fund services that benefit the community as a whole as opposed to individual households. These include constructed and maintaining streets, roads and sidewalks, street lighting and storm water drainage facilities.

The policy focuses on how the rates are imposed and impermissible rates. The policy gives rebate to property owners of the first R15 000 of the market value. The policy detailed the exemptions, reduction and rebates and clarifies who qualifies. The register of properties is divided into two parts. The bylaw will ensure that it gives effect on the implementation of this policy. This policy is in line with the property rates act.

### Draft Reviewed Budget Policy

The objective of this policy is to set out:

The principles which the Municipality will follow in preparing each MTREF

The responsibilities of the Mayor, the Accounting Officer, The Chief Financial Officer and other Directors in the compilation of Budget

To establish and maintain procedures to ensure adherence to the Municipal IDP and Budget processes.

The Municipality did not have budget policy; they only rely on the Municipal Finance Management Act every time the budget is compiled. The policy that was in existence was budget adjustment policy and virement policy which were developed for the first time in the last financial year for its first implementation in the year under review.

- a) The policy therefore covers the budget preparation process being:
- b) Formulation of the budget,
- c) The public participation process
- d) Approval process of the budget
- e) Publication of the budget
- f) Capital and Operating Budget, how they are funded and the process that needs to be followed.
- g) The policy also stipulate how the unspent funds must be treated
- h) Budget adjustment process in detail, who has been delegated, how to compile budget adjustment and why.
- i) Budget implementation and monitoring in terms of MFMA

#### Cash Management and Investment Policy

The policy is taken as it is from the last financial year, its objectives:

- a) To provide guidance and direction for the investment of cash within the municipality
- b) The Municipality must ensure investment diversification across the institution e.g. types of investments and its maturities
- c) Liquidity needs of the Municipality to be given due consideration when making investment decisions for the municipality.
- d) The policy statement includes:
- e) Investment maturities
- f) Standard care for investment
- g) Investment limitations
- h) Portfolio balance and competitive selection
- i) Cash management and Reporting Requirements

#### Credit Control Policy and Bylaw

- a) The policy details how rates and services will be collected. The process starts at the application process of the services
- b) Customer service agreements
- c) Deposits that are paid when applying for the service
- d) Detailed how and when the accounts and billing are paid

- e) Metering and consumable services and all water related processes have been removed from the policy.
- f) Arrangements processes for residential and non-residential debtors
- g) Special conditions regarding arrangements and the payment of rates by instalments
- h) Payment arrangements of government departments
- i) Collection process on rental of facilities
- j) Enquiries and appeals
- k) Debt collection process general
- l) Theft and fraud and Irrecoverable debt
- m) Bylaw will give effect to this policy

#### Virement policy

- a) This policy aims to provide guidelines to management in the use of virement as a mechanism in the day to day management of their budget
- b) The policy incorporates virement process as it relates to the m SCOA system where virement has to take place within the six segments.
- c) The only change in the policy is to allow virement on capital budget within votes of the same funding

#### Review of Asset Management Policy

Main objectives of this policy are to:

- a) Ensure the effective and efficient control, utilization and management of Property Plant and Equipment.
- b) Ensure that the functional heads are aware of their roles and responsibilities regarding property, plant and equipment.
- c) To set out standards of physical asset management, recording and internal control to ensure property plant and equipment are safeguarding against loss and inappropriate utilisation
- d) To specify the process required for acquisition, transfer and disposal assets.

#### Reviewed Indigent Policy and Bylaw

- a) Main objectives of this policy are to ensure:
- b) The provision of basic services to the community in a sustainable manner within financial and administrative capacity of council
- c) The financial sustainability of free basic services through the determination of appropriate tariffs that contribute to such sustainability through cross subsidisation
- d) Establishment of framework for the identification and management of indigent households including socio –economic analysis and an exit strategy
- e) The provision of procedures and guidelines for the subsidisation of basic charges and the provision of free basic energy to indigent households



- f) To ensure co-operative governance with other spheres of government and
- g) To enhance the institutional and financial capacity of the Municipality to implement the policy
- h) Bylaw will give effect to this policy

### Supply Chain Management Policy

The MFMA required the municipality to adopt and implement a new supply chain policy by July 1<sup>st</sup> of 2017. The municipality met this deadline. We now have a detailed policy of council and a set of procedures to follow. The Supply Chain unit has been established within the Finance Directorate and is operating. The policy set limits for the various methods of procurement used within the municipality and delegated authority to implement the policy to the Accounting Officer as required in the MFMA. This policy has been reviewed in this financial year and has been presented to council for approval.

## 10 Budget Assumptions

Budgets are prepared in an environment of uncertainty. To prepare meaningful budgets, assumptions need to be made about internal and external factors that could influence the budget. Documentation of the assumptions used in preparing the budget assists understanding of the information. The section provides a comprehensive summary of all the assumptions used in preparing the budget.

Budget Assumptions Table 2018/19				
		Estimated 2018/19	Estimated 2019/20	Estimated 2020/21
1)	General Inflation Factor	4.8%	5.9%	5.6%
2)	Interest Rates:			
	Borrowing	9.6%	9.6%	9.6%
	Investing	6.0%	6.0%	6.0%
3)	Increases - Rates and Tariffs:			
	Growth Factor	1.0%	1.0%	1.0%
	Rates	5.0%	5.0%	6.0%
	Electricity	6.4%	6.4%	6.4%
	Refuse	5.0%	5.0%	5.0%
4)	Tax Base Growth	0.0%	0.0%	0.0%
5)	Billing Collection Rates:			
	Rates	72.0%	75.0%	80.0%
	Electricity	95.0%	90.0%	90.0%
	Refuse	52.0%	68.0%	70.0%
	Debtor Interest	14.6%	14.6%	14.6%
6)	Bulk Electricity Purchases			
	Growth Factor	0.0%	0.0%	0.0%
	Bulk Cost Increases	6.4%	6.4%	6.4%
7)	Salary Increases			
	Salaries	7.0%	7.0%	7.0%
	Overtime	7.0%	7.0%	7.0%
	Contract Workers	7.0%	7.0%	7.0%
8)	Equitable Share Allocation	164 680 000	176 220 000	189 777 000
9)	Library Allocation	5 250 000	5 250 000	5 250 000

The above assumptions were different from what was anticipated when the planning stage of the 2018/19 budget was conceived. It must be noted however that as the year progresses some of these guidelines had to change due to the dynamic nature of the economy.

Salaries were anticipated to increase by 10.0% but the new guideline in circular 72 stipulates that municipalities use the average CPI plus 1.0 percent. Electricity tariff was expected to increase by 7.0% but by NERSA guidelines the rate will be hiked by 6.4% in 2018/19, commencing on the 1<sup>st</sup> of July 2018. Nevertheless these guidelines enable the municipality to work within set parameters.

### **General inflation outlook and its impact on the municipal activities**

General inflationary pressure is expected to remain in the moderate range as per the National Treasury forecasts. We have used the guidelines as per circular 89 and 91 from National Treasury for the next three years when preparing this medium term budget. The budget is also based on some of the earlier circulars which are still relevant such as circular 58 and 72.

### **Interest rates for borrowing and investment of funds**

Based on historical trends and current market analysis we have used 9.6% as the base interest rate on all loans that we anticipate taking out over the medium term estimate. Investment income is calculated using a 6% rate for cash invested. The actual interest rate that the municipality will be charged will at any particular time be based on the prevailing repo rate and the risk level associated with the municipality at that time.

### **Rates, tariffs, charges and timing of revenue collection**

The new valuations on property within the municipality have just started and will be fully implemented in July 2019. For now the municipality will continue to levy tariffs as per the existing separate valuations. As a result of this, infrastructure improvement rate which used to be levied on properties which were not valued has been discontinued. Rates are set to increase by 5%. The municipality hopes to earn R105 million in the 2018/19 financial year.

### **Electricity tariffs**

Billed revenue for the 2018/19 budget was R217.9 million. Electricity tariff will be increased by an average of 7.64% in 2018/19 financial years contained in circular 91 that was issued February 2018. As a result of that increase, revenue to be realised from electricity tariff will increase to R240.1. It must be noted that this is the billed revenue from which a reasonable provision for bad debt will be deducted. The municipality is putting plans in place this year to maximise the collection of the billed amount and to reduce the bad debt that will occur at the end of the year.

## Cost Reflective tariffs

A costing study was conducted in 2017/18 to assist the municipality in determining the 'total' direct and indirect cost of delivering the various services to the community. As a result of this study a new costing model was developed to distribute the indirect or 'administrative' costs incurred by the municipality. This new costing model is reflected in the proposed tariffs for the municipality this year. Circular 70 from the National Treasury, urges municipalities to adopt cost reflective tariffs.

Refuse charges are set to remain at 5% this year. This is as a result of the service not breaking even or running at a loss. This will have to be increased over a number of years to ensure that the service is fully funded. It is anticipated that once consumers start to pay for these service and a full break-even is achieved, the municipality will start lowering this rate. Circular 89 stipulates that cost reflective tariffs be set in order to ensure continuity and sustainability of service delivery.

Electricity tariff is determined and controlled by the energy regulator NERSA. Electrical service is dependent on bulk electric purchases from ESKOM. As a result of the 7.64% increase in the cost of bulk electricity purchases, the tariffs charged to customers will increase this year by 7.64% margin. Indigent customers will be subsidized as follows:

0 – 50kw	free
51kw onwards	7.64% Increase

## Collection rates for each revenue source and customer type

(for more detail see section 15 – revenue by source and vote)

Collection of billed services continues to be problematic in many areas of the municipality. As a result of this the allowance for bad debts has been increased substantially over the past years to more closely reflect the actual collection rate of municipal services. These lower collection rates continue to put upward pressure on service tariffs and will require a conscientious effort to address in the future. There are however glimpses of improve collection rate of billed services in the first half of the 2018/19 when the revenue enhancement team concludes the electricity meter audit and the installation of smart meters.

Collection rates for services that are billed to the community are usually very different from the amount actually billed for a particular service. This is the result of many different factors including consumer attitude, ability to pay and other issues. The municipality began a project plan last year to improve the collection of the various billed services through a project management plan that addresses many different areas of the billing and collection cycle.

In addition, the credit control and debt collection policy was revised this year and a debtor's write off and arrangements policies were also added to the mix. The adoption of these policies is only one part of a multi prong approach to address this issue.

## Average salary increases

When we include councillor allowances; salaries and related expenses make up almost 38% of the operating budget. This has taken the municipality above the National Treasury threshold of the salary budget not exceeding 33.0% of its operating budget. This will affect further employment of staff as the municipality will not like to exceed the 33.0% threshold. This salary related expenses are increased each year by bargaining agreements controlled by SALGA.

Salaries for municipal workers are projected to increase steadily over the medium term budget forecast. For 2018/19 salaries are projected to increase by 7.0%. It is most likely that this figure will change in the coming months before the conclusion of the final budget.

## 11 Funding the Budget

### Fiscal Overview

Over the past two years the Municipality has been working to reform its financial position and reporting systems to promote sustainability and conformance to the requirements of the MFMA.

Sustainability can mean many different things but at its core is the idea of financial stability and the ability to financially meet the obligations and commitments that are required to deliver the services within the community.

The MFMA requires many things from the municipality in this respect. Some of these items include: 1) Payment of all creditors within 30 days; 2) using only realistically expected actual revenues and non-committed cash surpluses to fund the budget; 3) discontinue the use of short term borrowing (bank overdraft) to fund operating expenses; and 4) ensuring that all required reserve funds are 'cash backed'.

Primarily from a cash point of view, Enoch Mgijima Local Municipality has faced serious financial difficulties over the past one and half years. The municipality is not alone in this though. Many local municipalities in South Africa are facing the same difficulties. The reasons for this situation are not simple and neither are there easy solutions. Over the past years the municipality has been required to take on large number of employees, and a large population that simply do not have the income to pay the rates and tariffs required. In recent years though, the municipality has not taken any new debt as a result, the municipality has no long term loan payment.

It is to this end that the municipality has continued to focus its attention toward the past few years. Prudent budgeting and some hard decision making has allowed this goal to become a reality. The municipality will end 2018/19 with enough cash at the end of the financial year to pay all of its creditors. This, however, must not be the end.

The municipality must strengthen its credit control and debt collection efforts. We must evaluate every area of operations and ask ourselves if we are doing things in the most efficient and effective way. We must make sure that those organs of state for which we supply agency functions pay for those functions in their entirety so that local Rand can be used to pay for the local services that we are required to perform.

Probably most important, we must be willing to change. We cannot continue to do things the way that we always have done them in the past.

New challenges always bring with them new opportunities. We must find those opportunities that present themselves and use them to better our municipality.

#### **Funded versus a balanced budget: Table SA 10**

The implementation of the MFMA changes the perspective of the budget from a 'funds' perspective where the emphasis is on balancing 'funds going out' to 'funds coming in' to a more dynamic accounting perspective.

This new perspective requires us to analyse the budget from several viewpoints to ensure that the budget is indeed balanced in accordance with the MFMA. The MFMA requires in section 18 that the budget be funded using only 'realistically' anticipated revenues to be collected and cash backed accumulated funds that are not committed to other purposes. Borrowed funds can only be used to fund capital budget items in accordance with MFMA requirements. These were part of the strategies presented to the Budget Steering committee in September 2014 as part of the budget process.

Although we show revenues on an accrual basis we must ensure that revenues used to fund the budget are realistically anticipated to be collected.

To be credible the budget must be consistent with the IDP and be achievable in terms of service delivery and performance targets. Credible budgets have realistic revenue and expenditure projections and the implementation of it improves the financial viability of the municipality.

The municipality has followed these principles and the directions put forth in NT circulars 89 and 91 concerning both the budget process and funding of a municipal budget.

We have made full disclosure on all revenues using accrual methods and all cash that is available has been shown where it is legally committed to be spent.

Cash flow for the 2018/19 budget year reflects that cash receipts for the year will be sufficient to place a small surplus into working operating capital. It is anticipated that a cash surplus of R25.7 million will be realised by the end of the 2018/19 financial year. This is shown in the supporting table SA30 attached to this report.

Table SA 10 also shows that the budget is fully funded.

EC139 Enoch Mjijima Supporting Table SA10 Funding measurement

Description	MFMA section	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Funding measures</b>												
Cash/cash equivalents at the year end - R'000	18(1)b	1	–	–	123 833	86 787	89 787	89 787	57 164	44 089	11 245	6 888
Cash + investments at the yr end less applications - R'000	18(1)b	2	–	–	111 737	271 656	673 934	673 934	93 782	413 004	522 553	616 624
Cash year end/monthly employee/supplier payments	18(1)b	3	–	–	1.5	1.8	1.9	1.9	1.8	0.8	0.2	0.1
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	–	–	(542 226)	(0)	(250)	(250)	136 660	(53 046)	(365)	(433)
Service charge rev % change - macro CPIX target exclusive	18(1)a,(2)	5	N.A.	(6.0%)	(6.0%)	13.3%	(15.4%)	(6.0%)	4.0%	0.7%	4.2%	0.8%
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	6	0.0%	0.0%	(7.5%)	84.6%	93.7%	93.7%	15.9%	80.8%	81.1%	85.6%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7	0.0%	0.0%	146.8%	8.0%	4.8%	4.8%	0.1%	6.1%	5.0%	5.1%
Capital payments % of capital expenditure	18(1)c;19	8	0.0%	0.0%	(503.4%)	100.0%	100.4%	100.4%	238.5%	94.9%	103.4%	88.2%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	9	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grants % of Govt. legislated/gazetted allocations	18(1)a	10								0.0%	0.0%	0.0%
Current consumer debtors % change - incr(decr)	18(1)a	11	N.A.	0.0%	0.0%	113.5%	138.0%	0.0%	0.0%	(42.5%)	16.0%	6.9%
Long term receivables % change - incr(decr)	18(1)a	12	N.A.	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
R&M % of Property Plant & Equipment	20(1)(vi)	13	0.0%	0.0%	0.0%	1.5%	1.8%	1.8%	2.6%	2.7%	2.4%	2.5%
Asset renewal % of capital budget	20(1)(vi)	14	0.0%	0.0%	27.8%	12.5%	11.9%	11.9%	0.0%	5.2%	0.0%	0.0%

1. The positive cash balances shown in table 10A are an indication of funding compliance. Cash + investment at year end will be 44.0 million.
2. The budget has sufficient liquidity to meet average monthly operating payments. The ratio for 2018/19 financial year is +4.7 increasing to +5.3 and +5.8 in 2019/20 and 2020/21 respectively.
3. The budget also reflects a surplus before depreciation offsets. Surplus for 2018/19 shows 58.0 million.
4. Service charge revenue percentage changes showed 4.0% macro CPIX target. This is indicative of adherence to macro – economic target.
5. Cash receipts as a % of ratepayers and other revenue showed that the municipality's own funding is at 80.8% of total operating revenue.
6. Debt impairment as a % of total billable revenue is at 5.7% and remains in the same range in the medium term revenue and expenditure framework.
7. Repairs and maintenance % of property, plant and equipment is at 2.7% of total operating expenditure
8. Asset renewal % of capital budget is 25.1%. This means the municipality has committed 25.1% of its capital budget to repairs and maintenance of its infrastructure assets.
9. Table 10A shows that the 2018/19 budget is fully funded

## 11.2 Financial Indicators – Table SA 8

The municipality is in the process of developing useful performance indicators that will be both meaningful and useful for detecting financial problems and trends that need to be investigated. These indicators are not available at this time but will be made public once finalized.

EC139 Enoch Mgijima - Supporting Table SA8 Performance indicators and benchmarks

		2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
Description of financial indicator	Basis of calculation	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b><u>Borrowing Management</u></b>											
Credit Rating											
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	0.0%	0.0%	0.0%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	0.0%	0.0%	0.0%	0.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b><u>Safety of Capital</u></b>											
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b><u>Liquidity</u></b>											
Current Ratio	Current assets/current liabilities	–	–	–	2.4	5.7	5.7	5.7	3.4	4.8	6.0
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	–	–	–	2.4	5.7	5.7	5.7	3.4	4.8	6.0
Liquidity Ratio	Monetary Assets/Current Liabilities	–	–	–	0.4	0.3	0.3	0.3	0.8	1.2	1.7
<b><u>Revenue Management</u></b>											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		0.0%	0.0%	-8.4%	88.9%	98.1%	98.1%	15.8%	90.1%	86.5%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		0.0%	0.0%	-8.4%	88.9%	98.1%	98.1%	15.8%	90.1%	86.5%	89.0%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	0.0%	0.0%	27.2%	47.0%	119.8%	119.8%	134.5%	64.6%	69.8%	71.1%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old										
<b><u>Creditors Management</u></b>											
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA' s 65(e))										
Creditors to Cash and Investments		0.0%	0.0%	0.0%	71.9%	58.3%	58.3%	91.6%	141.6%	447.6%	572.7%
<b><u>Other Indicators</u></b>											
Electricity Distribution Losses (2)	Total Volume Losses (kW)										
	Total Cost of Losses (Rand '000)										
	% Volume (units purchased and generated less units sold)/units purchased and generated										
Water Distribution Losses (2)	Total Volume Losses (kℓ)										
	Total Cost of Losses (Rand '000)										
	% Volume (units purchased and generated less units sold)/units purchased and generated										
Employee costs	Employee costs/(Total Revenue - capital revenue)	0.0%	0.0%	43.8%	35.7%	38.1%	38.1%	35.2%	40.1%	34.7%	35.1%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	0.0%	0.0%	0.0%	40.0%	42.3%	42.3%		43.2%	39.0%	39.5%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	0.0%	0.0%	0.0%	3.3%	3.2%	3.2%		4.3%	4.1%	4.0%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	0.0%	0.0%	9.0%	6.3%	3.2%	3.2%	0.0%	4.2%	4.3%	4.6%
<b><u>IDP regulation financial viability indicators</u></b>											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	–	–	23.7	31.4	31.4	31.4	32.0	36.1	32.9	34.3
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	0.0%	0.0%	45.8%	82.0%	215.2%	215.2%	196.1%	116.0%	122.3%	122.4%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	–	–	1.5	1.8	1.9	1.9	1.8	0.8	0.2	0.1



## Sources of Funding

### 11.3 Rates, tariffs and other charges

The detailed listings of all of the proposed tariffs and rates for the 2018/19 financial year are contained in appendix A. In this section we will highlight only the major changes proposed. We will concentrate on the two major tariffs of the municipality along with the property rates.

These three revenue sources will account for an almost R390.5 million in billed revenue for the municipality in 2018/19 and will account for an estimated R315.1 million in actual cash collection. The breakdown is as follows:

<u>Item</u>	<u>Billed (000's)</u>	<u>Cash (000's)</u>
• Property Rates	105,875	76,404
• Electricity	240,148	231,717
• Refuse Collection	<u>44,528</u>	<u>22,491</u>
• Total	<u>390,541</u>	<u>330,612</u>

### 11.5 - Investments – cash backed accumulated surplus

*This section documents particulars of existing investments and predicted levels of investments based on future strategies. The portfolio of investments should also be compliant with the MFMA, regulations and investment framework.*

*The municipality does not have any investment that is compliant with the MFMA, regulations and investment framework. It is however the policy of the municipality to place any surplus funds in the municipalities call deposit account to earn higher interest. These may not be deemed as short term investment. Table SA15 shows what the municipality hopes to place in such call account in the respective years. Table SA16 shows that the municipality does not have any Official well defined investment.*

The following tables are included to show details concerning the municipality's investments.

### 11.6 - Table SA15 – Investments Particulars by Type

### 11.7 - Table SA16 – Investments Particulars by Maturity

EC139 Enoch Mgijima - Supporting Table SA15 Investment particulars by type

Investment type	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand										
<b>Parent municipality</b>										
Securities - National Government										
Listed Corporate Bonds										
Deposits - Bank				78 526	49 157	49 157	49 157	49 157	77 289	81 154
Deposits - Public Investment Commissioners										
Deposits - Corporation for Public Deposits										
Bankers Acceptance Certificates										
Negotiable Certificates of Deposit - Banks										
Guaranteed Endowment Policies (sinking)										
Repurchase Agreements - Banks										
Municipal Bonds										
<b>Municipality sub-total</b>	1	-	-	78 526	49 157	49 157	49 157	49 157	77 289	81 154
<b>Entities</b>										
Securities - National Government										
Listed Corporate Bonds										
Deposits - Bank										
Deposits - Public Investment Commissioners										
Deposits - Corporation for Public Deposits										
Bankers Acceptance Certificates										
Negotiable Certificates of Deposit - Banks										
Guaranteed Endowment Policies (sinking)										
Repurchase Agreements - Banks										
<b>Entities sub-total</b>		-	-	-	-	-	-	-	-	-
<b>Consolidated total:</b>		-	-	78 526	49 157	49 157	49 157	49 157	77 289	81 154

EC139 Enoch Mgijima - Supporting Table SA16 Investment particulars by maturity

Investments by Maturity	Ref	Period of Investment	Type of Investment	Capital Guarantee (Yes/ No)	Variable or Fixed Interest rate	Interest Rate	Commission Paid (Rands)	Commission Recipient	Expiry date of investment	Opening balance	Interest to be realised	Partial / Premature Withdrawal (€)	Investment Top Up	Closing Balance
		Yrs/Months												
Name of institution & investment ID	1													
<b>Parent municipality</b>														
<b>Municipality sub-total</b>														
<b>Entities</b>														
N/A														-
														-
														-
														-
<b>Entities sub-total</b>										-		-	-	-
<b>TOTAL INVESTMENTS AND INTEREST</b>	1													

#### 11.8 - Grant allocations

*The following is a listing of grants included within the budget and a brief description of each.*

##### **MUNICIPAL INFRASTRUCTURE GRANT**

This fund is allocated to municipalities to supplement municipal capital budgets to eradicate backlogs in municipal infrastructure, as well as the rehabilitation and renewal of municipal infrastructure. Conditions to the grant is to prioritise residential infrastructure for water, sanitation, refuse removal, street lighting, solid waste, connector and bulk infrastructure, and other municipal infrastructure like roads in line with the MIG policy framework. Municipalities must adhere to the labour intensive construction method and must report to DPLG in terms of the Division of Revenue Act on progress.

##### **MUNICIPAL SYSTEM IMPROVEMENT PROGRAMME**

This grant is allocated to assist municipalities in building in-house capacity to perform their functions and stabilise institutional and governance system as required in the Local Government Municipal Systems Act of 2000.

Conditions include that a activity plan must be submitted in the prescribed format with detail budgets and timeframes. Submission of monthly expenditure reports in accordance of the Division of the Revenue Act

This grant has since been withdrawn and allocated as an indirect grant to be used by other sector departments on behalf of the municipality.

##### **LOCAL GOVERNMENT FINANCIAL MANAGEMENT GRANT**

This grant is allocated to promote and support reforms to financial management and the implementation of the Municipal Finance Management Act.

Conditions include submission of council resolution striving to achieve multi-year budgets, accounting and reporting reforms. The employment of a skilled chief financial officer and promotion of internship programme in financial management and ongoing review, revision and submission of implementation plans to address weaknesses in financial management.

##### **INFRASTRUCTURE SKILLS DEVELOPMENT GRANT**

This grant is allocated to strengthen Technical capacity of the municipality. It aims addressing the skills shortage particularly in the technical departments. Skills such as artisans, millwrights, electricians and plumbers are trained with this grant. It was introduced in 2012/13 Financial year.

Conditions include proper utilization of the funds for which it is allocated and regular reporting in terms of the Division of Revenue Act.

This grant has been discontinued.

#### **EXPANDED PUBLIC WORKS PROGRAMME**

Initially this was an incentive grant. It has since been converted to a conditional Grant since there are conditions attached to the use of this fund to the extent that it has to be used for employing the community for public works. Conditions attached include regular reporting to the transferring authority every month.

#### **11.9 -Table SA 18 - Transfers and grant receipts**

Table SA 19 - Expenditure on transfers and grant programme

Table SA 20 - Reconciliation of transfers, grant receipts and unspent Funds

The tables on the following pages give a detail listing of the allocations that the municipality anticipates receiving.

EC139 Enoch Mgijima - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand										
<b>RECEIPTS:</b>	1, 2									
<b>Operating Transfers and Grants</b>										
National Government:		-	-	-	183 138	180 550	180 550	177 600	182 926	195 631
Local Government Equitable Share		-	-	-	160 117	160 117	160 117	164 680	176 220	189 777
Expanded Public Works Programme Integrated		-	-	-	4 889	4 889	4 889	4 253	-	-
Infrastructure Skills Development Grant [Schedule 5B]		-	-	-	1 800	-	-	-	-	-
Local Government Financial Management Grant [Schedule 5B]		-	-	-	5 945	5 945	5 945	6 015	4 000	3 000
Municipal Demarcation and Transition Grant [Schedule 5B]		-	-	-	6 847	6 847	6 847	-	-	-
Municipal Infrastructure Grant [Schedule 5B]		-	-	-	2 752	2 752	2 752	2 652	2 706	2 854
Municipal Systems Improvement Grant [Schedule 5B]		-	-	-	788	-	-	-	-	-
Provincial Government:		-	-	-	-	4 777	4 777	5 250	5 250	5 250
Library Service		-	-	-	-	-	-	5 250	5 250	5 250
Maintenance of Road Infrastructure		-	-	-	-	-	-	-	-	-
Municipal Support and Governance / Municipal		-	-	-	-	4 777	4 777	-	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	171	171	171	-	-	-
Unspecified		-	-	-	171	171	171	-	-	-
Total Operating Transfers and Grants	5	-	-	-	183 309	185 498	185 498	182 850	188 176	200 881
<b>Capital Transfers and Grants</b>										
National Government:		-	-	-	-	-	-	56 550	59 006	73 422
Integrated National Electrification Programme		-	-	-	-	-	-	6 162	7 600	19 200
Municipal Infrastructure Grant		-	-	-	-	-	-	50 388	51 406	54 222
Provincial Government:		-	-	-	-	-	-	-	-	-
District Municipality:		-	-	-	-	4 000	4 000	3 200	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
Total Capital Transfers and Grants	5	-	-	-	-	4 000	4 000	59 750	59 006	73 422
<b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>		-	-	-	183 309	189 498	189 498	242 600	247 182	274 303

EC139 Enoch Mgijima - Supporting Table SA19 Expenditure on transfers and grant programme

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand										
<b>EXPENDITURE:</b>	1									
<b>Operating expenditure of Transfers and Grants</b>										
National Government:		-	-	-	179 598	177 798	384 626	174 948	180 220	192 777
Local Government Equitable Share		-	-	-	160 117	160 117	371 585	164 680	176 220	189 777
Expanded Public Works Programme Integrated Grant		-	-	-	4 889	4 889	4 889	4 253	-	-
Infrastructure Skills Development Grant [Schedule 5B]		-	-	-	1 800			6 015	4 000	3 000
Local Government Financial Management Grant [Schedule 5B]		-	-	-	5 945	5 945	7 405	-	-	-
Municipal Demarcation and Transition Grant [Schedule 5B]		-	-	-	6 847	6 847	747	-	-	-
Municipal Infrastructure Grant [Schedule 5B]					2 752	2 752		2 652	2 706	2 854
Municipal Systems Improvement Grant [Schedule 5B]					788					
Provincial Government:		-	-	-						
Municipal Demarcation and Transition Grant [Schedule 5B]		-	-	-	5 250	5 250	6 312	5 250	5 250	5 250
Municipal Infrastructure Grant [Schedule 5B]		-	-	-	5 000	5 000	-	-	-	-
Municipal Systems Improvement Grant [Schedule 5B]					710	710				
District Municipality:		-	-	-						
Other grant providers:		-	-	-	171	171	171	171	171	171
WSSA					171	171	171	171	171	171
<b>Total operating expenditure of Transfers and Grants</b>		-	-	-	179 769	177 969	384 797	175 119	180 391	192 948
<b>Capital expenditure of Transfers and Grants</b>										
National Government:		-	-	-	62 284	59 034	59 034	56 550	59 006	73 422
Integrated National Electrification Programme		-	-	-	10 000	6 750	6 750	6 162	7 600	19 200
Municipal Infrastructure Grant		-	-	-	52 284	52 284	52 284	50 388	51 406	54 222
Provincial Government:		-	-	-	-	4 000	4 000	3 200	-	-
Small Town Revitalisation Programme - Tarkastad						4 000	4 000	3 200		
District Municipality:		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
<b>Total capital expenditure of Transfers and Grants</b>		-	-	-	62 284	63 034	63 034	59 750	59 006	73 422
<b>TOTAL EXPENDITURE OF TRANSFERS AND GRANTS</b>		-	-	-	242 053	241 003	447 831	234 869	239 397	266 370

EC139 Enoch Mgijima - Supporting Table SA20 Reconciliation of transfers, grant receipts and unspent funds

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand										
<b>Operating transfers and grants:</b>	1,3									
National Government:										
Balance unspent at beginning of the year										
Current year receipts								177 600	182 926	195 631
Conditions met - transferred to revenue		-	-	-	-	-	-	177 600	182 926	195 631
Conditions still to be met - transferred to liabilities										
Provincial Government:										
Balance unspent at beginning of the year										
Current year receipts								5 250	5 250	5 250
Conditions met - transferred to revenue		-	-	-	-	-	-	5 250	5 250	5 250
Conditions still to be met - transferred to liabilities										
District Municipality:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
Other grant providers:										
Balance unspent at beginning of the year										
Current year receipts								171	171	171
Conditions met - transferred to revenue		-	-	-	-	-	-	171	171	171
Conditions still to be met - transferred to liabilities										
<b>Total operating transfers and grants revenue</b>		-	-	-	-	-	-	183 021	188 347	201 052
<b>Total operating transfers and grants - CTBM</b>	2	-	-	-	-	-	-	-	-	-
<b>Capital transfers and grants:</b>	1,3									
National Government:										
Balance unspent at beginning of the year										
Current year receipts								56 550	59 006	73 422
Conditions met - transferred to revenue		-	-	-	-	-	-	56 550	59 006	73 422
Conditions still to be met - transferred to liabilities										
Provincial Government:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
District Municipality:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
Other grant providers:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
<b>Total capital transfers and grants revenue</b>		-	-	-	-	-	-	56 550	59 006	73 422
<b>Total capital transfers and grants - CTBM</b>	2	-	-	-	-	-	-	-	-	-
<b>TOTAL TRANSFERS AND GRANTS REVENUE</b>		-	-	-	-	-	-	239 571	247 353	274 474
<b>TOTAL TRANSFERS AND GRANTS - CTBM</b>		-	-	-	-	-	-	-	-	-

References

#### 11.10 - Contributions and donations

Municipalities must budget for anticipated contributions and or donations. These could be in the form of cash or in kind. An example of an in kind contribution is infrastructure assets donated to the municipality free of charge by a developer as part of a residential development scheme. Municipalities must consider the financial and service delivery consequences of receiving contributions and donations. For example, the receipt of an infrastructure asset will require ongoing repairs and maintenance of the asset to maintain agreed service levels and standards. The revenue implications should also be considered. In the above example of a new residential development there should also be new rates and taxes on the new residential properties. Whether the new rates and taxes are set at levels sufficient to cover the ongoing costs of the new infrastructure is a policy decision for the council.

The municipality anticipates no contributions and or donations for the coming budget year.

#### 11.11 - Sale of assets

All disposals of municipal assets is controlled by requirements put forth in the MFMA. The municipality does not anticipate selling portions of surplus vacant land in the 2018/19 financial year. The revenue from this sale if it does take place will be utilized for once off maintenance to properties.

#### 11.12 - Carry over

Provision for the carryover of cash from unfinished programs and projects from the 2017/18 financial year to the 2018/19 financial year will not be included in the budget that will be presented to council. Such unspent funds will have to be applied for by August 2018. As per circular 89 by National Treasury, such unspent funds will only be included in the budget through an adjustment budget after National Treasury has approved the use of such unspent funds. These funds were allocated to a specific purpose in previous financial years but for a variety of reasons the project will not be completed by the end of the financial year. At this stage the municipality does not anticipate having any unspent grant at the end of the 2017/18 financial year.

A full listing of all cash roll overs will be provided in an adjustment budget to be tabled after December 2018.

#### 11.13 - Proposed Future Revenue Sources

Each year when preparing the budget, thought should be given to proposed future revenue sources that could be introduced. This section will highlight these, their potential impact on future budgets and any potential issues.

The largest single potential revenue source for the municipality is the collection of billed tariffs and rates. In addition, the completion of the valuation of property within the municipality is critical to the financial future.

Both of these items will be given top priority in the coming financial year in hopes of development strategies and plans to implement improvements in the future.



The municipality's financial recovery plan, will be completed in the 2018/19, and will bring in an extra R10 million to R15 million. It is expected that the deficit shown in the budget will be funded by the additional revenue from the electricity sales.

Revenue sources from other income will be maximised by monitoring collections from municipal pound, Berry dam and Bonkolo dam and other recreational facilities. Currently these sites do not bring in the much needed revenue. It is hoped that proper management of these sites can increase revenue to the municipality. Parking metering will also be introduced in the 2018/19 financial year to boost income from other revenue.

#### **11.14 - Borrowing**

The Municipality does not at this stage anticipate taking up new loans for the 2018/2019 financial year.

#### **11.15 - TABLE SA17 - New Borrowing .**

The municipality has not taken any new loan in the current year. There is however an intention to take a term loan for the completion of the phase 2 of the electricity meter solution programme. Should that happens this will be shown in the adjustment budget to council.

The existing annuity loans and the three finance leases were fully paid up in 2016.

EC139 Enoch Mgijima - Supporting Table SA17 Borrowing

Borrowing - Categorised by type	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand										
<b>Parent municipality</b>										
Annuity and Bullet Loans										
Long-Term Loans (non-annuity)										
Local registered stock										
Instalment Credit										
Financial Leases										
PPP liabilities										
Finance Granted By Cap Equipment Supplier										
Marketable Bonds										
Non-Marketable Bonds										
Bankers Acceptances										
Financial derivatives										
Other Securities										
<b>Municipality sub-total</b>	1	-	-	-	-	-	-	-	-	-
<b>Entities</b>										
Annuity and Bullet Loans										
Long-Term Loans (non-annuity)										
Local registered stock										
Instalment Credit										
Financial Leases										
PPP liabilities										
Finance Granted By Cap Equipment Supplier										
Marketable Bonds										
Non-Marketable Bonds										
Bankers Acceptances										
Financial derivatives										
Other Securities										
<b>Entities sub-total</b>	1	-	-	-	-	-	-	-	-	-
<b>Total Borrowing</b>	1	-	-	-	-	-	-	-	-	-

## 12. - Table SA 21 - Disclosure on Allocations Made by the Municipality

The municipality currently makes allocations to individuals in respect of services or goods delivered. These are paid out from grants paid vote. The municipality does not allocate any grant to other municipalities.

EC134 Lukhanji - Supporting Table SA21 Transfers and grants made by the municipality

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>Cash Transfers to other municipalities</b>											
<i>Insert description</i>	1										
<b>Total Cash Transfers To Municipalities:</b>		-	-	-	-	-	-	-	-	-	-
<b>Cash Transfers to Entities/Other External Mechanisms</b>											
<i>Insert description</i>	2										
<b>Total Cash Transfers To Entities/Ems'</b>		-	-	-	-	-	-	-	-	-	-
<b>Cash Transfers to other Organs of State</b>											
<i>Insert description</i>	3										
<b>Total Cash Transfers To Other Organs Of State:</b>		-	-	-	-	-	-	-	-	-	-
<b>Cash Transfers to Organisations</b>											
<i>Insert description</i>	4										
<b>Total Cash Transfers To Organisations</b>		-	-	-	-	-	-	-	-	-	-
<b>Cash Transfers to Groups of Individuals</b>											
<i>Insert description</i>	5	7,280	1,660	5,978	4,734	6,426	6,426	6,426	7,464	7,789	8,810
<b>Total Cash Transfers To Groups Of Individuals:</b>		7,280	1,660	5,978	4,734	6,426	6,426	6,426	7,464	7,789	8,810
<b>TOTAL CASH TRANSFERS AND GRANTS</b>	6	7,280	1,660	5,978	4,734	6,426	6,426	6,426	7,464	7,789	8,810
<b>Non-Cash Transfers to other municipalities</b>											
<i>Insert description</i>	1										
<b>Total Non-Cash Transfers To Municipalities:</b>		-	-	-	-	-	-	-	-	-	-
<b>Non-Cash Transfers to Entities/Other External Mechanisms</b>											
<i>Insert description</i>	2										
<b>Total Non-Cash Transfers To Entities/Ems'</b>		-	-	-	-	-	-	-	-	-	-
<b>Non-Cash Transfers to other Organs of State</b>											
<i>Insert description</i>	3										
<b>Total Non-Cash Transfers To Other Organs Of State:</b>		-	-	-	-	-	-	-	-	-	-
<b>Non-Cash Grants to Organisations</b>											
<i>Insert description</i>	4										
<b>Total Non-Cash Grants To Organisations</b>		-	-	-	-	-	-	-	-	-	-
<b>Groups of Individuals</b>											
<i>Free Basic Services to Indigents- Operating Grant</i>	5										
<b>Total Non-Cash Grants To Groups Of Individuals:</b>		-	-	-	-	-	-	-	-	-	-
<b>TOTAL NON-CASH TRANSFERS AND GRANTS</b>		-	-	-	-	-	-	-	-	-	-
<b>TOTAL TRANSFERS AND GRANTS</b>	6	7,280	1,660	5,978	4,734	6,426	6,426	6,426	7,464	7,789	8,810

## 13 Disclosure on Salaries, Allowances and Benefits

The tables on the following pages give the required listings of salaries, Allowances, and personnel as required by the MFMA.

### 13.1 TABLE SA23 - Salaries, Allowances and Benefits (Political Office bearers/councillors/senior managers)

#### 13.2 - TABLE SA22 - Summary of councillor and staff benefits

#### 13.3 - TABLE SA24 - Summary of Personnel Numbers

EC139 Enoch Mgijima - Supporting Table SA22 Summary councillor and staff benefits

Summary of Employee and Councillor remuneration R thousand	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
		A	B	C	D	E	F	G	H	I
<b>Councillors (Political Office Bearers plus Other)</b>	1									
Basic Salaries and Wages		-	-	-	26 435	24 415	24 415	28 155	28 233	30 096
Pension and UIF Contributions		-	-	-	-	-	-	-	-	-
Medical Aid Contributions		-	-	-	2 068	2 068	2 068	2 068	2 209	2 355
Motor Vehicle Allowance		-	-	-	-	-	-	-	-	-
Cellphone Allowance		-	-	-	-	-	-	-	-	-
Housing Allowances		-	-	-	-	-	-	-	-	-
Other benefits and allowances		-	-	-	-	-	-	-	-	-
<b>Sub Total - Councillors</b>		-	-	-	28 503	26 483	26 483	30 223	30 442	32 451
% increase	4		-	-	-	(7.1%)	-	14.1%	0.7%	6.6%
<b>Senior Managers of the Municipality</b>	2									
Basic Salaries and Wages		-	-	-	60 837	60 837	60 837	54 465	53 557	57 092
Pension and UIF Contributions		-	-	-	9 521	9 521	9 521	4 607	7 381	7 868
Medical Aid Contributions		-	-	-	3 940	3 940	3 940	4 086	4 965	5 293
Overtime		-	-	-	279	279	279	361	145	155
Performance Bonus		-	-	-	4 064	4 064	4 064	3 883	4 473	4 768
Motor Vehicle Allowance	3	-	-	-	3 724	3 724	3 724	2 310	4 067	4 067
Cellphone Allowance	3	-	-	-	65	65	65	67	67	67
Housing Allowances	3	-	-	-	234	234	234	193	252	252
Other benefits and allowances	3	-	-	-	338	338	338	357	462	492
Payments in lieu of leave		-	-	-	-	-	-	-	-	-
Long service awards		-	-	-	-	-	-	-	-	-
Post-retirement benefit obligations	6	-	-	-	-	-	-	-	-	-
<b>Sub Total - Senior Managers of Municipality</b>		-	-	-	83 002	83 002	83 002	70 329	75 369	80 053
% increase	4		-	-	-	-	-	(15.3%)	7.2%	6.2%
<b>Other Municipal Staff</b>										
Basic Salaries and Wages		-	-	-	106 371	105 771	105 771	126 692	120 273	128 140
Pension and UIF Contributions		-	-	-	15 511	15 511	15 511	22 651	14 436	15 060
Medical Aid Contributions		-	-	-	6 999	6 999	6 999	9 137	9 622	10 257
Overtime		-	-	-	8 142	8 142	8 142	9 831	9 885	10 552
Performance Bonus		-	-	-	11 166	11 166	11 166	9 723	9 422	10 043
Motor Vehicle Allowance	3	-	-	-	4 017	4 017	4 017	5 226	5 473	5 473
Cellphone Allowance	3	-	-	-	431	371	371	394	394	394
Housing Allowances	3	-	-	-	1 018	1 018	1 018	352	487	487
Other benefits and allowances	3	-	-	-	1 166	1 166	1 166	2 516	2 192	2 306
Payments in lieu of leave		-	-	-	-	-	-	-	-	-
Long service awards		-	-	-	-	-	-	-	-	-
Post-retirement benefit obligations	6	-	-	-	-	-	-	-	-	-
<b>Sub Total - Other Municipal Staff</b>		-	-	-	154 821	154 161	154 161	186 521	172 185	182 713
% increase	4		-	-	-	(0.4%)	-	21.0%	(7.7%)	6.1%
<b>Total Parent Municipality</b>		-	-	-	266 327	263 647	263 647	287 074	277 995	295 217

[illegible]

EC139 Enoch Mgijima - Supporting Table SA24 Summary of personnel numbers

Summary of Personnel Numbers		Ref	2016/17			Current Year 2017/18			Budget Year 2018/19		
Number			Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
Municipal Council and Boards of Municipal Entities											
Councillors (Political Office Bearers plus Other Councillors)	4		68	–	68	68	–	68	68	–	68
Board Members of municipal entities	5										
Municipal employees	3		8		8	8	–	8	8	–	8
Municipal Manager and Senior Managers	7										
Other Managers											
Professionals			561	547	12	452	419	33	606	434	172
Finance			65	63	2	50	50	–	65	65	–
Spatial/town planning			46	42	2	34	34	–	34	34	–
Information Technology			4	4		4	4		4	4	
Roads			55	55		9	9		153	141	12
Electricity			50	50		59	50	9	59	50	9
Water											
Sanitation											
Refuse			117	117		47	47		142	15	127
Other			224	216	8	249	225	24	149	125	24
Technicians			–	–	–	–	–	–	–	–	–
Finance											
Spatial/town planning											
Information Technology											
Roads											
Electricity											
Water											
Sanitation											
Refuse											
Other											
Clerks (Clerical and administrative)			183	183	–	187	187	–	187	187	–
Service and sales workers											
Skilled agricultural and fishery workers											
Craft and related trades											
Plant and Machine Operators											
Elementary Occupations											
TOTAL PERSONNEL NUMBERS	9		820	730	88	715	606	109	869	621	248
% Increase						(12.8%)	(17.0%)	23.9%	21.5%	2.5%	127.5%
Total municipal employees headcount	6, 10		820	730	88	715	606	109	869	621	248
Finance personnel headcount	8, 10		51	48	3	61	60	1	65	65	–
Human Resources personnel headcount	8, 10		22	19	3	23	22	1	23	22	1

- 14 Table SA 25 - Budgeted monthly revenue and expenditure
- 15 Table SA 26 - Budgeted monthly revenue and expenditure (Municipal Vote)
- 16 Table SA 27 - Budgeted monthly revenue and expenditure (Standard Classification)
- 17 Table SA 28 - Budgeted monthly capital expenditure (Municipal Vote)
- 18 Table SA 29 - Budgeted monthly capital expenditure (Standard Classification)
- 19 Table SA 30 - Budgeted Monthly cash flow

The table on the following pages presents a monthly cash flow for the municipality over the next financial year.



EC139 Enoch Mgijima - Supporting Table SA25 Budgeted monthly revenue and expenditure

Description	Ref	Budget Year 2018/19												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand																
Revenue By Source																
Property rates		8 680	6 727	7 375	8 391	9 933	6 265	6 848	8 199	9 733	9 912	10 136	13 676	105 875	114 345	120 062
Service charges - electricity revenue		14 950	15 828	19 495	18 884	18 731	16 078	20 523	19 753	20 005	18 932	18 684	29 001	230 865	255 990	274 754
Service charges - water revenue													-	-	-	-
Service charges - sanitation revenue													-	-	-	-
Service charges - refuse revenue		2 611	2 301	5 904	3 204	3 088	3 492	3 548	2 915	3 862	4 568	3 201	(8 531)	30 162	33 891	37 049
Service charges - other													-	-	-	-
Rental of facilities and equipment		206	206	206	206	206	206	206	206	206	206	206	479	2 749	2 628	2 628
Interest earned - external investments		811	811	811	811	811	811	811	811	811	811	811	(1 890)	7 026	7 026	7 026
Interest earned - outstanding debtors		2 373	2 373	2 373	2 373	2 373	2 373	2 373	2 373	2 373	2 373	2 373	(627)	25 481	27 838	30 144
Dividends received													-	-	-	-
Fines, penalties and forfeits		29	29	29	29	29	29	29	29	29	29	29	2 906	3 225	3 250	3 286
Licences and permits		389	389	389	389	389	389	389	389	389	389	389	374	4 656	5 638	6 254
Agency services		393	393	393	393	393	393	393	393	393	393	393	893	5 212	5 822	6 813
Transfers and subsidies		68 274				62 500			57 629				(8 034)	180 369	185 653	198 222
Other revenue		3 860	3 860	3 860	3 860	3 860	3 860	3 860	3 860	3 860	3 860	3 860	25 886	68 345	70 332	61 777
Gains on disposal of PPE													-	-	-	-
Total Revenue (excluding capital transfers and contributions)		102 576	32 917	40 835	38 539	102 312	33 897	38 980	38 928	99 291	41 472	40 082	54 134	663 964	712 414	748 014
Expenditure By Type																
Employee related costs		22 162	22 162	22 162	22 162	22 162	22 162	22 162	22 162	22 162	22 162	22 162	22 162	265 939	247 554	262 766
Remuneration of councillors		2 519	2 519	2 519	2 519	2 519	2 519	2 519	2 519	2 519	2 519	2 519	2 519	30 223	30 442	32 451
Debt impairment		2 538	2 538	2 538	2 538	2 538	2 538	2 538	2 538	2 538	2 538	2 538	(5 423)	22 496	20 176	21 834
Depreciation & asset impairment		2 333	2 333	2 333	2 333	2 333	2 333	2 333	2 333	2 333	2 333	2 333	2 333	27 995	30 488	34 392
Finance charges													154	154	162	170
Bulk purchases		25 731	25 731	20 731	15 731	15 731	15 731	15 731	15 731	15 731	15 731	15 731	69 174	267 213	272 473	283 305
Other materials													11 389	11 389	12 033	12 095
Contracted services		716	716	716	716	716	716	716	716	716	716	716	32 780	40 657	45 260	45 423
Transfers and subsidies		13	13	13	13	13	13	13	13	13	13	13	13	159	167	175
Other expenditure		4 232	4 232	4 232	4 232	4 232	4 232	4 232	4 232	4 232	4 232	4 232	4 232	50 784	54 025	55 836
Loss on disposal of PPE													-	-	-	-
Total Expenditure		60 243	60 243	55 243	50 243	50 243	50 243	50 243	50 243	50 243	50 243	50 243	139 334	717 010	712 779	748 447
Surplus/(Deficit)		42 333	(27 326)	(14 408)	(11 704)	52 069	(16 346)	(11 263)	(11 315)	49 047	(8 771)	(10 162)	(85 200)	(53 046)	(365)	(433)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)													-	-	-	-
Transfers and subsidies - capital (in-kind - all)													-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		42 333	(27 326)	(14 408)	(11 704)	52 069	(16 346)	(11 263)	(11 315)	49 047	(8 771)	(10 162)	(85 200)	(53 046)	(365)	(433)
Taxation													-	-	-	-
Attributable to minorities													-	-	-	-
Share of surplus/ (deficit) of associate													-	-	-	-
Surplus/(Deficit)	1	42 333	(27 326)	(14 408)	(11 704)	52 069	(16 346)	(11 263)	(11 315)	49 047	(8 771)	(10 162)	(85 200)	(53 046)	(365)	(433)

EC139 Enoch Mgijima - Supporting Table SA26 Budgeted monthly revenue and expenditure (municipal vote)

Description	Ref	Budget Year 2018/19												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand																
Revenue by Vote																
Vote 01 - Municipal Manager		354	354	354	354	354	354	354	354	354	354	354	354	4 253	-	-
Vote 02 - Administration & Human Resources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 03 - Budget & Treasury		15 105	15 105	15 105	15 105	15 105	15 105	15 105	15 105	15 105	15 105	15 105	15 104	181 254	189 788	186 980
Vote 04 - Council Administration		9 787	9 787	9 787	9 787	9 787	9 787	9 787	9 787	9 787	9 787	9 787	9 787	117 444	127 112	137 702
Vote 05 - Community Services		6 249	6 249	6 249	6 249	6 249	6 249	6 249	6 249	6 249	6 249	6 249	6 249	74 989	80 798	85 082
Vote 06 - Technical Services		22 558	22 558	22 558	22 558	22 558	22 558	22 558	22 558	22 558	22 558	22 558	22 558	270 696	297 879	319 760
Vote 07 - Control Room Services		1 063	1 063	1 063	1 063	1 063	1 063	1 063	1 063	1 063	1 063	1 063	1 063	12 754	14 384	16 037
Vote 08 - lped		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 09 - Human Settlements		215	215	215	215	215	215	215	215	215	215	215	214	2 575	2 454	2 454
Vote 10 - Vote 10		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 11 - Vote 11		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 12 - Vote 12		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 13 - Vote 13		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 14 - Vote 14		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 15 - Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue by Vote		55 330	55 330	55 330	55 330	55 330	55 330	55 330	55 330	55 330	55 330	55 330	55 330	663 964	712 414	748 014
Expenditure by Vote to be appropriated																
Vote 01 - Municipal Manager		2 747	2 747	2 747	2 747	2 747	2 747	2 747	2 747	2 747	2 747	2 747	1 152	31 370	31 957	33 475
Vote 02 - Administration & Human Resources		1 710	1 710	1 710	1 710	1 710	1 710	1 710	1 710	1 710	1 710	1 710	2 350	21 155	21 589	22 689
Vote 03 - Budget & Treasury		4 887	4 887	4 887	4 887	4 887	4 887	4 887	4 887	4 887	4 887	4 887	9 345	63 100	59 445	61 535
Vote 04 - Council Administration		3 706	3 706	3 706	3 706	3 706	3 706	3 706	3 706	3 706	3 706	3 706	3 706	44 475	44 728	46 801
Vote 05 - Community Services		6 798	6 798	6 798	6 798	6 798	6 798	6 798	6 798	6 798	6 798	6 798	14 076	88 850	81 443	86 628
Vote 06 - Technical Services		27 938	27 938	27 938	27 938	27 938	27 938	27 938	27 938	27 938	27 938	27 938	75 069	382 382	385 657	402 231
Vote 07 - Control Room Services		4 455	4 455	4 455	4 455	4 455	4 455	4 455	4 455	4 455	4 455	4 455	4 001	53 007	50 451	53 399
Vote 08 - lped		867	867	867	867	867	867	867	867	867	867	867	(626)	8 910	9 619	10 073
Vote 09 - Human Settlements		2 222	2 222	2 222	2 222	2 222	2 222	2 222	2 222	2 222	2 222	2 222	(678)	23 762	27 890	31 615
Vote 10 - Vote 10		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 11 - Vote 11		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 12 - Vote 12		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 13 - Vote 13		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 14 - Vote 14		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 15 - Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditure by Vote		55 329	55 329	55 329	55 329	55 329	55 329	55 329	55 329	55 329	55 329	55 329	108 395	717 010	712 779	748 447
Surplus/(Deficit) before assoc.		2	2	2	2	2	2	2	2	2	2	2	(53 065)	(53 046)	(365)	(433)
Taxation													-	-	-	-
Attributable to minorities													-	-	-	-
Share of surplus/ (deficit) of associate													-	-	-	-
Surplus/(Deficit)	1	2	2	2	2	2	2	2	2	2	2	2	(53 065)	(53 046)	(365)	(433)

EC139 Enoch Mgiijima - Supporting Table SA27 Budgeted monthly revenue and expenditure (functional classification)

Description	Ref	Budget Year 2018/19												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand																
Revenue - Functional																
Governance and administration		25 713	25 713	25 713	25 713	25 713	25 713	25 713	25 713	25 713	25 713	25 713	22 836	305 678	319 518	327 312
Executive and council		9 934	9 934	9 934	9 934	9 934	9 934	9 934	9 934	9 934	9 934	9 934	12 423	121 697	127 112	137 702
Finance and administration		15 779	15 779	15 779	15 779	15 779	15 779	15 779	15 779	15 779	15 779	15 779	10 413	183 981	192 407	189 610
Internal audit													-	-	-	-
Community and public safety		576	576	576	576	576	576	576	576	576	576	576	577	6 916	7 574	6 916
Community and social services		562	562	562	562	562	562	562	562	562	562	562	562	6 745	7 403	6 745
Sport and recreation		14	14	14	14	14	14	14	14	14	14	14	14	170	170	170
Public safety		-	-	-	-	-	-	-	-	-	-	-	1	1	1	1
Housing													-	-	-	-
Health													-	-	-	-
Economic and environmental services		1 054	1 054	1 054	1 054	1 054	1 054	1 054	1 054	1 054	1 054	1 054	1 053	12 647	14 265	15 907
Planning and development		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Road transport		1 049	1 049	1 049	1 049	1 049	1 049	1 049	1 049	1 049	1 049	1 049	1 048	12 582	14 200	15 842
Environmental protection		6	6	6	6	6	6	6	6	6	6	6	5	66	66	66
Trading services		5 700	5 700	5 700	5 700	5 700	5 700	5 700	5 700	5 700	5 700	5 700	276 023	338 720	371 054	397 877
Energy sources		-	-	-	-	-	-	-	-	-	-	-	270 259	270 259	297 441	319 322
Water management													-	-	-	-
Waste water management		3	3	3	3	3	3	3	3	3	3	3	4	39	39	39
Waste management		5 697	5 697	5 697	5 697	5 697	5 697	5 697	5 697	5 697	5 697	5 697	5 761	68 422	73 573	78 515
Other		-	-	-	-	-	-	-	-	-	-	-	3	3	3	3
Total Revenue - Functional		33 043	33 043	33 043	33 043	33 043	33 043	33 043	33 043	33 043	33 043	33 043	300 492	663 964	712 414	748 014
Expenditure - Functional																
Governance and administration		12 369	12 369	12 369	12 369	12 369	12 369	12 369	12 369	12 369	12 369	12 369	81 542	217 598	222 457	234 901
Executive and council		6 453	6 453	6 453	6 453	6 453	6 453	6 453	6 453	6 453	6 453	6 453	4 859	75 845	76 685	80 276
Finance and administration		5 916	5 916	5 916	5 916	5 916	5 916	5 916	5 916	5 916	5 916	5 916	76 683	141 753	145 772	154 625
Internal audit													-	-	-	-
Community and public safety		3 052	3 052	3 052	3 052	3 052	3 052	3 052	3 052	3 052	3 052	3 052	4 351	37 926	38 419	40 737
Community and social services		1 277	1 277	1 277	1 277	1 277	1 277	1 277	1 277	1 277	1 277	1 277	1 726	15 770	15 952	16 877
Sport and recreation		1 438	1 438	1 438	1 438	1 438	1 438	1 438	1 438	1 438	1 438	1 438	1 742	17 559	18 374	19 539
Public safety		338	338	338	338	338	338	338	338	338	338	338	883	4 596	4 093	4 322
Housing													-	-	-	-
Health													-	-	-	-
Economic and environmental services		4 838	4 838	4 838	4 838	4 838	4 838	4 838	4 838	4 838	4 838	4 838	2 887	56 103	54 292	57 468
Planning and development		867	867	867	867	867	867	867	867	867	867	867	(626)	8 910	9 619	10 073
Road transport		3 886	3 886	3 886	3 886	3 886	3 886	3 886	3 886	3 886	3 886	3 886	3 025	45 774	43 161	45 821
Environmental protection		85	85	85	85	85	85	85	85	85	85	85	488	1 418	1 512	1 573
Trading services		29 118	29 118	29 118	29 118	29 118	29 118	29 118	29 118	29 118	29 118	29 118	84 905	405 202	397 426	415 145
Energy sources		23 172	23 172	23 172	23 172	23 172	23 172	23 172	23 172	23 172	23 172	23 172	69 054	323 945	327 824	342 044
Water management													-	-	-	-
Waste water management		2 498	2 498	2 498	2 498	2 498	2 498	2 498	2 498	2 498	2 498	2 498	3 025	30 506	30 416	31 340
Waste management		3 448	3 448	3 448	3 448	3 448	3 448	3 448	3 448	3 448	3 448	3 448	12 826	50 750	39 186	41 761
Other		15	15	15	15	15	15	15	15	15	15	15	12	182	186	196
Total Expenditure - Functional		49 392	49 392	49 392	49 392	49 392	49 392	49 392	49 392	49 392	49 392	49 392	173 697	717 010	712 779	748 447
Surplus/(Deficit) before assoc.		(16 349)	(16 349)	(16 349)	(16 349)	(16 349)	(16 349)	(16 349)	(16 349)	(16 349)	(16 349)	(16 349)	126 795	(53 046)	(365)	(433)
Share of surplus/ (deficit) of associate													-	-	-	-
Surplus/(Deficit)	1	(16 349)	(16 349)	(16 349)	(16 349)	(16 349)	(16 349)	(16 349)	(16 349)	(16 349)	(16 349)	(16 349)	126 795	(53 046)	(365)	(433)

EC139 Enoch Mgiijima - Supporting Table SA28 Budgeted monthly capital expenditure (municipal vote)

Description	Ref	Budget Year 2018/19												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Multi-year expenditure to be appropriated</b>	1															
Vote 01 - Municipal Manager		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 02 - Administration & Human Resources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 03 - Budget & Treasury		125	125	125	125	125	125	125	125	125	125	125	125	1 500	1 900	2 500
Vote 04 - Council Administration		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 05 - Community Services		949	949	949	949	949	949	949	949	949	949	949	961	11 400	23 300	40 722
Vote 06 - Technical Services		3 089	3 089	3 089	3 089	3 089	3 089	3 089	3 089	3 089	3 089	3 089	923	34 896	33 706	40 900
Vote 07 - Control Room Services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	2 000
Vote 08 - Iped		117	117	117	117	117	117	117	117	117	117	117	3 317	4 600	-	-
Vote 09 - Human Settlements		558	558	558	558	558	558	558	558	558	558	558	2 658	8 800	-	-
Vote 10 - Vote 10		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 11 - Vote 11		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 12 - Vote 12		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 13 - Vote 13		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 14 - Vote 14		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 15 - Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	2	4 838	4 838	4 838	4 838	4 838	4 838	4 838	4 838	4 838	4 838	4 838	7 984	61 196	58 906	86 122
<b>Single-year expenditure to be appropriated</b>																
Vote 01 - Municipal Manager		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 02 - Administration & Human Resources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 03 - Budget & Treasury		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 04 - Council Administration		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 05 - Community Services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 06 - Technical Services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 07 - Control Room Services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 08 - Iped		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 09 - Human Settlements		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 10 - Vote 10		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 11 - Vote 11		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 12 - Vote 12		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 13 - Vote 13		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 14 - Vote 14		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 15 - Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure</b>	2	4 838	4 838	4 838	4 838	4 838	4 838	4 838	4 838	4 838	4 838	4 838	7 984	61 196	58 906	86 122

EC139 Enoch Mgijima - Supporting Table SA29 Budgeted monthly capital expenditure (functional classification)

Description	Ref	Budget Year 2018/19												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Capital Expenditure - Functional</b>	1															
<i>Governance and administration</i>		125	125	125	125	125	125	125	125	125	125	125	125	1 500	1 900	2 500
Executive and council		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Finance and administration		125	125	125	125	125	125	125	125	125	125	125	125	1 500	1 900	2 500
Internal audit														-	-	-
<i>Community and public safety</i>		1 507	1 507	1 507	1 507	1 507	1 507	1 507	1 507	1 507	1 507	1 507	3 619	20 200	20 300	31 722
Community and social services		625	625	625	625	625	625	625	625	625	625	625	2 725	9 600	4 500	6 000
Sport and recreation		882	882	882	882	882	882	882	882	882	882	882	894	10 600	15 800	25 722
Public safety													-	-	-	-
Housing													-	-	-	-
Health													-	-	-	-
<i>Economic and environmental services</i>		2 383	2 383	2 383	2 383	2 383	2 383	2 383	2 383	2 383	2 383	2 383	(21 617)	4 600	-	2 000
Planning and development		117	117	117	117	117	117	117	117	117	117	117	3 317	4 600	-	-
Road transport		2 267	2 267	2 267	2 267	2 267	2 267	2 267	2 267	2 267	2 267	2 267	(24 933)	-	-	2 000
Environmental protection													-	-	-	-
<i>Trading services</i>		821	821	821	821	821	821	821	821	821	821	821	25 865	34 896	36 706	49 900
Energy sources		821	821	821	821	821	821	821	821	821	821	821	(2 869)	6 162	7 600	23 500
Water management													-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-	-	28 734	28 734	26 106	17 400
Waste management		-	-	-	-	-	-	-	-	-	-	-	-	-	3 000	9 000
<i>Other</i>													-	-	-	-
<b>Total Capital Expenditure - Functional</b>	2	4 837	4 837	4 837	4 837	4 837	4 837	4 837	4 837	4 837	4 837	4 837	7 993	61 196	58 906	86 122
<b>Funded by:</b>																
National Government		4 713	4 713	4 713	4 713	4 713	4 713	4 713	4 713	4 713	4 713	4 713	4 659	56 496	57 006	78 622
Provincial Government													-	-	-	-
District Municipality													-	-	-	-
Other transfers and grants													-	-	-	-
Transfers recognised - capital		4 713	4 713	4 713	4 713	4 713	4 713	4 713	4 713	4 713	4 713	4 713	4 659	56 496	57 006	78 622
Public contributions & donations													-	-	-	-
Borrowing													-	-	-	-
Internally generated funds		125	125	125	125	125	125	125	125	125	125	125	3 325	4 700	1 900	7 500
<b>Total Capital Funding</b>		4 838	4 838	4 838	4 838	4 838	4 838	4 838	4 838	4 838	4 838	4 838	7 984	61 196	58 906	86 122

EC139 Enoch Mgijima - Supporting Table SA30 Budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2018/19												Medium Term Revenue and Expenditure Framework		
R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Cash Receipts By Source</b>													1		
Property rates	5 569	6 786	5 234	6 046	6 585	5 912	6 500	5 948	6 377	7 703	6 870	6 875	76 404	82 517	86 642
Service charges - electricity revenue	19 815	25 823	16 343	19 707	16 476	16 809	25 448	16 884	25 190	17 054	17 548	14 620	231 717	240 216	268 795
Service charges - water revenue	-	-	-	-	-	-	-	-	-	-	-	-			
Service charges - sanitation revenue	-	-	-	-	-	-	-	-	-	-	-	-			
Service charges - refuse revenue	1 716	1 657	1 664	1 565	1 446	1 942	1 930	1 829	1 982	2 077	2 577	2 107	22 491	26 940	29 095
Service charges - other	-	-	-	-	-	-	-	-	-	-	-	-			
Rental of facilities and equipment	219	219	219	219	219	219	219	219	219	219	219	219	2 628	3 254	3 704
Interest earned - external investments	810	810	810	810	810	810	810	810	810	810	810	(1 890)	7 026	7 341	7 676
Interest earned - outstanding debtors	457	457	457	457	457	457	457	457	457	457	457	457	5 481	6 038	8 345
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-			
Fines, penalties and forfeits	29	29	29	29	29	29	29	29	29	29	29	529	848	873	909
Licences and permits	331	331	331	331	331	331	331	331	331	331	331	1 231	4 871	5 393	6 008
Agency services	393	393	393	393	393	393	393	393	393	393	393	893	5 212	6 212	6 813
Transfer receipts - operational	51 007	4 885	2 380	22 387	46 330	2 727	-	-	48 658	2 380	2 268	0	183 021	189 146	201 600
Other revenue	1 030	1 030	1 030	1 030	1 030	1 030	1 030	1 030	1 030	1 030	1 030	29 423	40 751	55 864	62 728
<b>Cash Receipts by Source</b>	<b>81 375</b>	<b>42 419</b>	<b>28 890</b>	<b>52 974</b>	<b>74 105</b>	<b>30 658</b>	<b>37 147</b>	<b>27 929</b>	<b>85 475</b>	<b>32 482</b>	<b>32 531</b>	<b>54 463</b>	<b>580 449</b>	<b>623 794</b>	<b>682 315</b>
<b>Other Cash Flows by Source</b>															
Transfer receipts - capital	21 500	3 162			19 700	3 000			11 840			-	59 202	61 712	76 276
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions) & Transfers and subsidies - capital (in-kind - all)												-			
Proceeds on disposal of PPE	1 500											-	1 500	1 900	2 500
Short term loans												-			
Borrowing long term/refinancing												-			
Increase (decrease) in consumer deposits												-			
Decrease (increase) in non-current debtors												-			
Decrease (increase) other non-current receivables												-			
Decrease (increase) in non-current investments												-			
<b>Total Cash Receipts by Source</b>	<b>104 375</b>	<b>45 581</b>	<b>28 890</b>	<b>52 974</b>	<b>93 805</b>	<b>33 658</b>	<b>37 147</b>	<b>27 929</b>	<b>97 315</b>	<b>32 482</b>	<b>32 531</b>	<b>54 463</b>	<b>641 151</b>	<b>687 406</b>	<b>761 091</b>
<b>Cash Payments by Type</b>															
Employee related costs	21 314	21 314	21 314	21 314	21 314	21 314	21 314	21 314	21 314	21 314	21 314	31 480	265 939	243 318	258 625
Remuneration of councillors	2 519	2 519	2 519	2 519	2 519	2 519	2 519	2 519	2 519	2 519	2 519	2 519	30 223	32 021	33 884
Finance charges												-	-	-	-
Bulk purchases - Electricity	21 400	28 600	30 450	19 200	18 620	17 500	17 980	18 905	16 500	14 650	12 500	41 847	258 152	272 473	283 305
Bulk purchases - Water & Sewer												-	-	-	-
Other materials												-	-	-	-
Contracted services	716	716	716	716	716	716	716	716	716	716	716	716	8 593	9 022	9 105
Transfers and grants - other municipalities												-			
Transfers and grants - other	722	722	722	722	722	722	722	722	722	722	722	722	8 667	6 706	5 854
Other expenditure	4 868	4 868	4 868	4 868	4 868	4 868	4 868	4 868	4 868	4 868	4 868	4 868	58 420	65 372	67 691
<b>Total Cash Payments by Type</b>	<b>51 540</b>	<b>58 740</b>	<b>60 590</b>	<b>49 340</b>	<b>48 760</b>	<b>47 640</b>	<b>48 120</b>	<b>49 044</b>	<b>46 640</b>	<b>44 790</b>	<b>42 640</b>	<b>82 152</b>	<b>629 994</b>	<b>628 912</b>	<b>658 464</b>
<b>Other Cash Flows/Payments by Type</b>															
Capital assets	1 050	1 735	4 236	5 627	3 758	5 487	2 423	6 350	5 820	7 230	2 145	12 189	58 050	60 906	75 922
Repayment of borrowing												-			
Other Cash Flows/Payments	2 352	2 352	2 352	2 352	2 352	2 352	2 352	2 352	2 352	2 352	2 352	2 352	28 223	30 431	31 062
<b>Total Cash Payments by Type</b>	<b>54 942</b>	<b>62 827</b>	<b>67 177</b>	<b>57 319</b>	<b>54 870</b>	<b>55 479</b>	<b>52 895</b>	<b>57 746</b>	<b>54 812</b>	<b>54 372</b>	<b>47 137</b>	<b>96 693</b>	<b>716 267</b>	<b>720 250</b>	<b>765 449</b>

## 15      Measurable Performance Objectives (Revenue Source and Vote)

Provided in the following pages are summaries of annual measurable performance objectives for each vote. Also included is revenue by source and vote in Table 10. Annual performance objectives must be converted into quarterly targets for the Service Delivery and Budget Implementation Plan (SDBIP) and will be audited in terms of the annual performance report required by the Systems Act (refer also to chapters 2 and 5 of the annual report as per MFMA circular 11).

EC139 Enoch Mgijima - Supporting Table SA2 Matrix Financial Performance Budget (revenue source/expenditure type and dept.)

Description	Ref	Vote 01 - Municipal Manager	Vote 02 - Administrati on & Human Resources	Vote 03 - Budget & Treasury	Vote 04 - Council Administrati on	Vote 05 - Community Services	Vote 06 - Technical Services	Vote 07 - Control Room Services	Vote 08 - Iped	Vote 09 - Human Settlements	Vote 10 - Vote 10	Vote 11 - Vote 11	Vote 12 - Vote 12	Vote 13 - Vote 13	Vote 14 - Vote 14	Vote 15 - Other	Total
R thousand	1																
<b>Revenue By Source</b>																	
Property rates		-	-	105 875	-	-	-	-	-	-	-	-	-	-	-	-	105 875
Service charges - electricity revenue		-	-	-	-	-	241 834	-	-	-	-	-	-	-	-	-	241 834
Service charges - water revenue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue		-	-	-	-	44 639	-	-	-	-	-	-	-	-	-	-	44 639
Service charges - other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment		-	-	-	-	141	44	1	-	2 563	-	-	-	-	-	-	2 749
Interest earned - external investments		-	-	7 026	-	-	-	-	-	-	-	-	-	-	-	-	7 026
Interest earned - outstanding debtors		-	-	9 536	-	7 566	8 379	-	-	-	-	-	-	-	-	-	25 481
Dividends received		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		-	-	0	-	2	972	2 251	-	-	-	-	-	-	-	-	3 225
Licences and permits		-	-	-	-	6	-	4 649	-	-	-	-	-	-	-	-	4 656
Agency services		-	-	-	-	-	-	5 212	-	-	-	-	-	-	-	-	5 212
Other revenue		-	-	39 055	190	1 168	2 005	470	-	12	-	-	-	-	-	-	42 899
Transfers and subsidies		4 253	-	19 762	117 254	21 467	17 462	171	-	-	-	-	-	-	-	-	180 369
Gains on disposal of PPE		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>		4 253	-	181 254	117 444	74 989	270 696	12 754	-	2 575	-	-	-	-	-	-	663 964
<b>Expenditure By Type</b>																	
Employee related costs		21 455	18 715	33 672	-	70 742	57 402	37 899	5 775	11 191	-	-	-	-	-	-	256 851
Remuneration of councillors		-	-	-	28 503	-	-	-	-	-	-	-	-	-	-	-	28 503
Debt impairment		-	-	10 309	-	6 858	5 329	-	-	-	-	-	-	-	-	-	22 496
Depreciation & asset impairment		5 166	-	-	-	-	16 803	-	-	6 026	-	-	-	-	-	-	27 995
Finance charges		-	-	154	-	-	-	-	-	-	-	-	-	-	-	-	154
Bulk purchases		-	-	-	-	-	267 213	-	-	-	-	-	-	-	-	-	267 213
Other materials		45	19	58	-	964	8 774	1 386	-	144	-	-	-	-	-	-	11 389
Contracted services		604	488	10 941	1 715	2 300	9 865	8 370	1 964	4 409	-	-	-	-	-	-	40 657
Transfers and subsidies		-	-	159	-	-	-	-	-	-	-	-	-	-	-	-	159
Other expenditure		4 100	1 933	7 807	14 256	7 986	16 995	5 353	1 171	1 993	-	-	-	-	-	-	61 592
Loss on disposal of PPE		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Expenditure</b>		31 370	21 155	63 100	44 475	88 850	382 382	53 007	8 910	23 762	-	-	-	-	-	-	717 010
<b>Surplus/(Deficit)</b>		(27 117)	(21 155)	118 154	72 969	(13 861)	(111 685)	(40 253)	(8 910)	(21 187)	-	-	-	-	-	-	(53 046)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)						-	-		-								-
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)																	-
Transfers and subsidies - capital (in-kind - all)																	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		(27 117)	(21 155)	118 154	72 969	(13 861)	(111 685)	(40 253)	(8 910)	(21 187)	-	-	-	-	-	-	(53 046)



## 16 Disclosure on Implementation of MFMA & Other Legislation

The MFMA (Municipal Finance Management Act) became effective July 1<sup>st</sup> of 2004. Most of the requirements of the act took effect immediately; however, various delays were given to certain sections of the act based on the 'capacity' of the municipality as was determined by National Treasury. All local municipalities were classified as either a high, medium or low capacity municipality with each level given different implementation dates for the various delayed sections.

Enoch Mgijima Local Municipality is classified as a medium capacity municipality and was required to meet the implementation dates put forth for medium capacity municipalities.

Many of the major changes required by the act have already been implemented by the municipality. Some of these include adoption and implementation of a new supply chain policy and establishment of a supply chain unit, the establishment of a budget and treasury office within the finance directorate, the adoption of various policies and procedures including policies for cash and investments, delegations within the organization, establishment of a new audit committee, policy on unforeseen and unexpected expenditures and other administrative requirements.

The budget and how it must be designed, funded and reported on is a very big part of MFMA implementation. Requirements include funding the budget only from realistic revenue, surplus cash or borrowing (but only for capital projects).

Much of the implementation of the MFMA involves new and sometimes complex budgetary and financial reporting requirements. Detailed monthly budgetary reports must be delivered to the Mayor along with quarterly performance indicators. The Mayor is required to make quarterly reports to the council on all aspects of the budgets implementation and any problems that need to be addressed. A mid - year performance report is to be delivered to council along with recommendations on needed mid - year adjustments that need to be made. Annual, quarterly and monthly reports are required to be delivered to National Treasury in very specific formats. All of these reporting requirements are already being met.

## Introduction of municipal Standard Chart of Account

The municipal standard chart of account is a financial reform that aims at standardisation of financial process across all segments of the budget. The municipality went live with the m SCOA programme. To date the municipality is still faced with challenges with the implementation of the m SCOA financial reform. The asset module is not functional, as the municipality's asset is being converted into a form that can be loaded in to the system.

The municipality is also faced with having a structure that correctly aligned all balance sheet items. This has affected month end reports. Data cleansing was not complete before the going live on the 1<sup>st</sup> of July 2017. The municipality is therefore still in the process of cleansing its data.

## 17 Budgets and SDBIPs – Departmental / Functional (internal)

A summary of each functional SDBIP within each directorate is provided in the following pages showing the information set out in MFMA Circular 13 under the section “Format of Departmental SDBIPs”:

- Purpose (outcomes);
- Service delivery description (outputs);
- Resources utilised (inputs);
- Inputs to detailed sector capital plans; and
- The link between performance measures in the SDBIP and performance contracts.

The summary of departmental SDBIPs is submitted in a separate document that will be submitted to council on the 31 May 2018 and to the National and Provincial Treasury thereafter.

## 18 Budgets and SDBIPs - Entities & Other External Mechanisms

The municipality has no entities or other external mechanism

## 19 Summary of Detailed Capital Plans

*Detailed capital plans, aligned to national and provincial sector plans, will be contained in the SDBIP as per MFMA Circular No 13. These should be summarised and referenced here. The detailed plans must be submitted to National Treasury with the budget documentation. Capital programmes should be approved as an overall comprehensive capital budget to ensure that projects can be executed in terms of the implementation plans. The summary of the detailed capital plan should reflect:*

- *Information by programme and municipal ward*
- *The source of the funding for the capital programme*

- 19.2      Table SA 34a - Capital expenditure by asset category  
            Table SA34b – Capital expenditure on renewal of existing Assets  
            Table SA35 – Future financial implications of capital budget  
            Table SA 36 - Detailed Capital Budget

The following pages contain the listing of capital by category.

EC139 Enoch Mgijima - Supporting Table SA34a Capital expenditure on new assets by asset class

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand	1									
Capital expenditure on new assets by Asset Class/Sub-class										
Infrastructure		-	-	29 725	-	-	-	-	10 600	28 200
Roads Infrastructure		-	-	11 391	-	-	-	-	-	-
Road Furniture										
Capital Spares										
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		-	-	9 964	-	-	-	-	7 600	19 200
Power Plants		-	-	-	-	-	-	-	-	-
HV Substations		-	-	9 964	-	-	-	-	7 600	6 000
Capital Spares		-	-	-	-	-	-	-	-	13 200
Water Supply Infrastructure		-	-	-	-	-	-	-	-	-
Capital Spares										
Solid Waste Infrastructure		-	-	6 814	-	-	-	-	3 000	9 000
Landfill Sites		-	-	-	-	-	-	-	3 000	9 000
Waste Transfer Stations										
Waste Processing Facilities				6 814						
Waste Drop-off Points										
Rail Infrastructure		-	-	1 555	-	-	-	-	-	-
Rail Lines										
MV Substations										
LV Networks				1 555						
Capital Spares										
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Community Assets		-	-	10 455	19 384	20 850	20 850	20 800	15 800	19 222
Community Facilities		-	-	2 843	11 584	13 982	13 982	10 200	-	-
Halls		-	-	2 843	9 584	11 982	11 982	8 800	-	-
Centres		-	-	-	-	-	-	1 200	-	-
Crèches										
Public Open Space		-	-	-	1 200	1 000	1 000	200	-	-
Nature Reserves										
Public Ablution Facilities										
Markets										
Stalls		-	-	-	800	1 000	1 000	-	-	-
Abattoirs										
Airports										
Taxi Ranks/Bus Terminals										
Capital Spares		-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities		-	-	7 611	7 800	6 868	6 868	10 600	15 800	19 222
Indoor Facilities				103						
Outdoor Facilities		-	-	7 509	7 800	6 868	6 868	10 600	15 800	19 222
Capital Spares										
Heritage assets		-	-	-	-	-	-	-	-	-
Furniture and Office Equipment		-	-	-	-	-	-	-	-	-
Machinery and Equipment		-	-	8 040	-	-	-	1 500	1 900	2 500
Machinery and Equipment		-	-	8 040	-	-	-	1 500	1 900	2 500
Transport Assets		-	-	910	-	-	-	-	-	-
Transport Assets		-	-	910	-	-	-	-	-	-
Libraries		-	-	-	-	-	-	-	-	-
Libraries										
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals										
Total Capital Expenditure on new assets	1	-	-	49 130	19 384	20 850	20 850	22 300	28 300	49 922

EC139 Enoch Mgijima - Supporting Table SA34b Capital expenditure on the renewal of existing assets by asset class

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand	1									
<b>Capital expenditure on renewal of existing assets by Asset Class/Sub-class</b>										
<b>Infrastructure</b>		-	-	18 908	-	-	-	-	-	-
Roads Infrastructure		-	-	18 908	-	-	-	-	-	-
Roads				18 908						
Road Structures										
Road Furniture										
Capital Spares										
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
<b>Community Assets</b>		-	-	-	8 500	7 700	7 700	3 200	-	-
Community Facilities		-	-	-	8 500	7 700	7 700	3 200	-	-
Halls										
Airports										
Taxi Ranks/Bus Terminals		-	-	-	3 000	2 200	2 200	-	-	-
Capital Spares		-	-	-	5 500	5 500	5 500	3 200	-	-
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-
Indoor Facilities										
Outdoor Facilities										
Capital Spares										
<b>Heritage assets</b>		-	-	-	-	-	-	-	-	-
Monuments										
Historic Buildings										
Works of Art										
Conservation Areas										
Other Heritage										
<b>Investment properties</b>		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Improved Property										
Unimproved Property										
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Improved Property		-	-	-	-	-	-	-	-	-
Unimproved Property		-	-	-	-	-	-	-	-	-
<b>Other assets</b>		-	-	-	-	-	-	-	-	-
Operational Buildings		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Staff Housing										
Social Housing										
Capital Spares										
<b>Biological or Cultivated Assets</b>		-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets										
<b>Intangible Assets</b>		-	-	-	-	-	-	-	-	-
Servitudes										
Licences and Rights		-	-	-	-	-	-	-	-	-
Water Rights										
Effluent Licenses										
Solid Waste Licenses										
Computer Software and Applications										
Load Settlement Software Applications										
Unspecified										
<b>Computer Equipment</b>		-	-	-	-	-	-	-	-	-
Computer Equipment										
<b>Furniture and Office Equipment</b>		-	-	-	-	-	-	-	-	-
Furniture and Office Equipment										
<b>Machinery and Equipment</b>		-	-	-	-	-	-	-	-	-
Machinery and Equipment										
<b>Transport Assets</b>		-	-	-	-	-	-	-	-	-
Transport Assets										
<b>Libraries</b>		-	-	-	-	-	-	-	-	-
Libraries										
<b>Zoo's, Marine and Non-biological Animals</b>		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals										
<b>Total Capital Expenditure on renewal of existing</b>	1	-	-	18 908	8 500	7 700	7 700	3 200	-	-

EC139 Enoch Mgijima - Supporting Table SA34e Capital expenditure on the upgrading of existing assets by asset class

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand										
Capital expenditure on upgrading of existing assets by Asset Class/Sub-class										
Infrastructure		-	-	-	38 400	32 984	32 984	34 896	26 106	21 700
Roads Infrastructure		-	-	-	23 400	24 534	24 534	28 734	26 106	17 400
Roads		-	-	-	12 000	11 934	11 934	15 034	17 000	13 900
Road Structures		-	-	-	11 400	12 600	12 600	13 700	9 106	3 500
Road Furniture										
Capital Spares										
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Drainage Collection										
Storm water Conveyance										
Attenuation										
Electrical Infrastructure		-	-	-	15 000	8 450	8 450	6 162	-	4 300
Power Plants										
HV Substations		-	-	-	6 256	1 700	1 700	-	-	4 300
HV Switching Station										
HV Transmission Conductors										
MV Substations		-	-	-	2 325	6 750	6 750	6 162	-	-
MV Switching Stations		-	-	-	3 737	-	-	-	-	-
MV Networks		-	-	-	1 791	-	-	-	-	-
LV Networks										
Capital Spares		-	-	-	892	-	-	-	-	-
Water Supply Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
Data Centres										
Core Layers										
Distribution Layers										
Capital Spares										
Community Assets		-	-	-	1 500	3 000	3 000	800	4 500	12 500
Community Facilities		-	-	-	1 500	3 000	3 000	800	4 500	12 500
Halls										
Centres										
Crèches										
Clinics/Care Centres										
Fire/Ambulance Stations										
Testing Stations										
Museums										
Galleries										
Theatres										
Libraries										
Cemeteries/Crematoria		-	-	-	1 500	3 000	3 000	800	4 500	6 000
Police										
Parks										
Public Open Space		-	-	-	-	-	-	-	-	6 500
Nature Reserves										
Public Ablution Facilities										
Markets										
Stalls										
Abattoirs										
Airports										
Taxi Ranks/Bus Terminals										
Capital Spares										
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-
Indoor Facilities										
Outdoor Facilities										
Capital Spares										
Heritage assets		-	-	-	-	-	-	-	-	-
Monuments										
Historic Buildings										
Works of Art										
Conservation Areas										
Other Heritage										
Investment properties		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Improved Property										
Unimproved Property										
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Improved Property										
Unimproved Property										
Other assets		-	-	-	-	-	-	-	-	2 000
Operational Buildings		-	-	-	-	-	-	-	-	2 000
Municipal Offices										

EC139 Enoch Mqijima - Supporting Table SA35 Future financial implications of the capital budget

Vote Description	Ref	2018/19 Medium Term Revenue & Expenditure Framework			Forecasts			
		Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24	Present value
R thousand								
<b>Capital expenditure</b>	1							
Vote 01 - Municipal Manager		-	-	-	-	-	-	-
Vote 02 - Administration & Human Resources		-	-	-	-	-	-	-
Vote 03 - Budget & Treasury		1 500	1 900	2 500	-	-	-	-
Vote 04 - Council Administration		-	-	-	-	-	-	-
Vote 05 - Community Services		11 400	23 300	40 722	-	-	-	-
Vote 06 - Technical Services		34 896	33 706	40 900	-	-	-	-
Vote 07 - Control Room Services		-	-	2 000	-	-	-	-
Vote 08 - Iped		4 600	-	-	-	-	-	-
Vote 09 - Human Settlements		8 800	-	-	-	-	-	-
Vote 10 - Vote 10		-	-	-	-	-	-	-
Vote 11 - Vote 11		-	-	-	-	-	-	-
Vote 12 - Vote 12		-	-	-	-	-	-	-
Vote 13 - Vote 13		-	-	-	-	-	-	-
Vote 14 - Vote 14		-	-	-	-	-	-	-
Vote 15 - Other		-	-	-	-	-	-	-
<i>List entity summary if applicable</i>								
<b>Total Capital Expenditure</b>		61 196	58 906	86 122	-	-	-	-
<b>Future operational costs by vote</b>	2							
Vote 01 - Municipal Manager								
Vote 02 - Administration & Human Resources								
Vote 03 - Budget & Treasury								
Vote 04 - Council Administration								
Vote 05 - Community Services								
Vote 06 - Technical Services								
Vote 07 - Control Room Services								
Vote 08 - Iped								
Vote 09 - Human Settlements								
Vote 10 - Vote 10								
Vote 11 - Vote 11								
Vote 12 - Vote 12								
Vote 13 - Vote 13								
Vote 14 - Vote 14								
Vote 15 - Other								
<i>List entity summary if applicable</i>								
<b>Total future operational costs</b>		-	-	-	-	-	-	-
<b>Future revenue by source</b>	3							
Property rates		105 875	114 345	120 062				
Service charges - electricity revenue		241 834	267 248	286 575				
Service charges - water revenue								
Service charges - sanitation revenue		-	-	-				
Service charges - refuse revenue		44 639	49 092	53 011				
Service charges - other								
Rental of facilities and equipment		2 749	2 628	2 628				
<i>List other revenues sources if applicable</i>		7 026	7 026	7 026				
<i>List entity summary if applicable</i>								
<b>Total future revenue</b>		402 123	440 339	469 302	-	-	-	-
<b>Net Financial Implications</b>		(340 926)	(381 433)	(383 180)	-	-	-	-



Municipal Vote/Capital project	Ref	Program/Project description	Project number	IDP Goal code	Asset Class	Asset Sub-Class	Prior year outcomes		2018/19 Medium Term Revenue & Expenditure Framework			Project information	
							Audited Outcome 2016/17	Current Year 2017/18 Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21	Ward location	New or renewal
R thousand	4			2	3	3							
Parent municipality:													
List all capital projects grouped by Municipal Vote													
Budget & Treasury		Capital:Non-Infrastructure:New:Biological Or Cultivated Assets			Biological Or Cultivated Assets	Biological Or Cultivated Assets	-	-	-	-	-		NEW
Budget & Treasury		Capital:Non-Infrastructure:Existing:Renewal:Community Assets:Community Facilities			Community Facilities	Capital Spares	-	1 500	-	-	-		RENEWAL
Budget & Treasury		Capital:Non-Infrastructure:New:Community Assets:Community Facilities			Community Facilities	Capital Spares	-	-	-	-	-		NEW
Budget & Treasury		Capital:Non-Infrastructure:New:Computer Equipment			Computer Equipment	Computer Equipment	-	-	-	-	-		NEW
Budget & Treasury		Capital:Infrastructure:New:Electrical Infrastructure:Capital Spares			Electrical Infrastructure	Capital Spares	-	-	-	-	-		NEW
Budget & Treasury		Capital:Infrastructure:New:Electrical Infrastructure:Hv Substations			Electrical Infrastructure	Hv Substations	-	-	-	-	-		NEW
Budget & Treasury		Capital:Infrastructure:New:Electrical Infrastructure:Hv Switching Station			Electrical Infrastructure	Hv Switching Station	-	-	-	-	-		NEW
Budget & Treasury		Capital:Infrastructure:New:Electrical Infrastructure:Hv Transmission Conductors			Electrical Infrastructure	Hv Transmission Conductors	-	-	-	-	-		NEW
Budget & Treasury		Capital:Infrastructure:New:Electrical Infrastructure:Lv Networks			Electrical Infrastructure	Lv Networks	-	-	-	-	-		NEW
Budget & Treasury		Capital:Infrastructure:New:Electrical Infrastructure:Mv Networks			Electrical Infrastructure	Mv Networks	-	-	-	-	-		NEW
Budget & Treasury		Capital:Infrastructure:New:Electrical Infrastructure:Mv Substations			Electrical Infrastructure	Mv Substations	-	-	-	-	-		NEW
Budget & Treasury		Capital:Infrastructure:New:Electrical Infrastructure:Mv Switching Stations			Electrical Infrastructure	Mv Switching Stations	-	-	-	-	-		NEW
Budget & Treasury		Capital:Infrastructure:New:Electrical Infrastructure:Power Plants			Electrical Infrastructure	Power Plants	-	-	-	-	-		NEW
Budget & Treasury		Capital:Non-Infrastructure:New:Furniture And Office Equipment			Furniture And Office Equipment	Furniture And Office Equipment	-	-	-	-	-		NEW
Budget & Treasury		Capital:Non-Infrastructure:New:Heritage Assets:Other Heritage			Heritage Assets	Other Heritage	-	-	-	-	-		NEW
Budget & Treasury		Capital:Non-Infrastructure:New:Intangible Assets:Computer Software And Applications			Licences And Rights	Computer Software And Applications	-	-	-	-	-		NEW
Budget & Treasury		Capital:Non-Infrastructure:New:Machinery And Equipment			Machinery And Equipment	Machinery And Equipment	-	-	1 500	1 900	2 500	all	NEW
Budget & Treasury		Capital:Non-Infrastructure:New:Investment Properties:Non-Revenue Generating			Non-Revenue Generating	Improved Property	-	-	-	-	-		NEW
Budget & Treasury		Capital:Non-Infrastructure:Land			Non-Revenue Generating	Unimproved Property	-	-	-	-	-		RENEWAL
Budget & Treasury		Capital:Non-Infrastructure:New:Other Assets:Operational Buildings			Operational Buildings	Municipal Offices	-	-	-	-	-		NEW
Budget & Treasury		Capital:Infrastructure:New:Roads Infrastructure:Roads			Roads Infrastructure	Roads	-	-	-	-	-		NEW
Budget & Treasury		Capital:Infrastructure:New:Solid Waste Infrastructure:Landfill Sites			Solid Waste Infrastructure	Landfill Sites	-	-	-	-	-		NEW
Budget & Treasury		Capital:Infrastructure:New:Storm Water Infrastructure:Storm Water Conveyance			Storm Water Infrastructure	Storm Water Conveyance	-	-	-	-	-		NEW
Budget & Treasury		Capital:Non-Infrastructure:New:Transport Assets			Transport Assets	Transport Assets	-	-	-	-	-		NEW

Community Services	Capital:Non-Infrastructure:Existing:Upgrading:Community Assets	Community Facilities	Cemeteries/Crematoria	-	3 000	800	4 500	6 000	2	UPGRADING
Community Services	Capital:Non-Infrastructure:New:Community Assets:Community Facilities	Community Facilities	Cemeteries/Crematoria	-	-	-	-	-		NEW
Community Services	Capital:Non-Infrastructure:Existing:Upgrading:Community Assets	Community Facilities	Public Open Space	-	-	-	-	6 500	26	UPGRADING
Community Services	Capital:Non-Infrastructure:New:Community Assets:Community Facilities	Community Facilities	Public Open Space	-	-	-	-	-		NEW
Community Services	Capital:Non-Infrastructure:New:Machinery And Equipment	Machinery And Equipment	Machinery And Equipment	-	-	-	-	-		NEW
Community Services	Capital:Infrastructure:New:Solid Waste Infrastructure:Landfills	Solid Waste Infrastructure	Landfill Sites	-	-	-	3 000	9 000	3	NEW
Community Services	Capital:Non-Infrastructure:New:Community SO3_OSO4_Sports And Recreation Facilities	Sport And Recreation Facilities	Outdoor Facilities	-	6 868	10 600	15 800	19 222		NEW
Community Services	Capital:Non-Infrastructure:New:Transport Assets	Transport Assets	Transport Assets	-	-	-	-	-	15	NEW
Control Room Services	Capital:Non-Infrastructure:Existing:Upgrading:Other Assets	Operational Buildings	Depots	-	-	-	-	2 000	17	UPGRADING
Human Settlements	Capital:Non-Infrastructure:New:Community Assets:Community Facilities	Community Facilities	Halls	-	11 982	8 800	-	-		NEW
Iped	Capital:Non-Infrastructure:Existing:Renewal:Community Assets	Community Facilities	Capital Spares	-	4 000	3 200	-	-	1	RENEWAL
Iped	Capital:Non-Infrastructure:New:Community Assets:Community Facilities	Community Facilities	Centres	-	-	1 200	-	-		NEW
Iped	Capital:Non-Infrastructure:New:Community Assets:Community Facilities	Community Facilities	Halls	-	-	-	-	-	2	NEW
Iped	Capital:Non-Infrastructure:New:Community Assets:Community Facilities	Community Facilities	Public Open Space	-	1 000	200	-	-	7	NEW
Iped	Capital:Non-Infrastructure:New:Community Assets:Community Facilities	Community Facilities	Stalls	-	1 000	-	-	-		NEW
Iped	Capital:Infrastructure:New:Roads Infrastructure:Roads	Roads Infrastructure	Roads	-	-	-	-	-		NEW
Municipal Manager	Capital:Non-Infrastructure:New:Machinery And Equipment	Machinery And Equipment	Machinery And Equipment	-	-	-	-	-		NEW
Municipal Manager	Capital:Non-Infrastructure:New:Transport Assets	Transport Assets	Transport Assets	-	-	-	-	-		NEW
Technical Services	Capital:Non-Infrastructure:New:Community Assets:Community Facilities	Community Facilities	Public Open Space	-	-	-	-	-		NEW
Technical Services	Capital:Non-Infrastructure:Existing:Renewal:Community Assets	Community Facilities	Taxi Ranks/Bus Terminals	-	2 200	-	-	-		RENEWAL
Technical Services	Capital:Infrastructure:Existing:Upgrading:Electrical Infrastructure	Electrical Infrastructure	Capital Spares	-	-	-	-	-	22	UPGRADING
Technical Services	Capital:Infrastructure:New:Electrical Infrastructure:Capital Spares	Electrical Infrastructure	Capital Spares	-	-	-	-	13 200	30	NEW
Technical Services	Capital:Infrastructure:Existing:Upgrading:Electrical Infrastructure	Electrical Infrastructure	Hv Substations	-	1 700	-	-	4 300	28	UPGRADING
Technical Services	Capital:Infrastructure:New:Electrical Infrastructure:Hv Substations	Electrical Infrastructure	Hv Substations	-	-	-	7 600	6 000		NEW
Technical Services	Capital:Infrastructure:New:Electrical Infrastructure:Hv Switching Stations	Electrical Infrastructure	Hv Switching Station	-	-	-	-	-		NEW
Technical Services	Capital:Infrastructure:New:Electrical Infrastructure:Hv Transmission Conductors	Electrical Infrastructure	Hv Transmission Conductors	-	-	-	-	-		NEW
Technical Services	Capital:Infrastructure:New:Electrical Infrastructure:Lv Networks	Electrical Infrastructure	Lv Networks	-	-	-	-	-		NEW
Technical Services	Capital:Infrastructure:Existing:Upgrading:Electrical Infrastructure	Electrical Infrastructure	Mv Networks	-	-	-	-	-		UPGRADING
Technical Services	Capital:Infrastructure:New:Electrical Infrastructure:Mv Networks	Electrical Infrastructure	Mv Networks	-	-	-	-	-	18	NEW
Technical Services	Capital:Infrastructure:Existing:Upgrading:Electrical Infrastructure	Electrical Infrastructure	Mv Substations	-	6 750	6 162	-	-		UPGRADING
Technical Services	Capital:Infrastructure:New:Electrical Infrastructure:Mv Substations	Electrical Infrastructure	Mv Substations	-	-	-	-	-		NEW
Technical Services	Capital:Infrastructure:Existing:Upgrading:Electrical Infrastructure	Electrical Infrastructure	Mv Switching Stations	-	-	-	-	-		UPGRADING
Technical Services	Capital:Infrastructure:New:Electrical Infrastructure:Mv Switching Stations	Electrical Infrastructure	Mv Switching Stations	-	-	-	-	-		NEW
Technical Services	Capital:Infrastructure:New:Electrical Infrastructure:Power Plants	Electrical Infrastructure	Power Plants	-	-	-	-	-	24	NEW
Technical Services	Capital:Infrastructure:Existing:Upgrading:Roads Infrastructure	Roads Infrastructure	Road Structures	-	12 600	13 700	9 106	3 500		UPGRADING
Technical Services	Capital:Infrastructure:New:Roads Infrastructure:Road Structures	Roads Infrastructure	Road Structures	-	-	-	-	-	5	NEW
Technical Services	Capital:Infrastructure:Existing:Upgrading:Roads Infrastructure	Roads Infrastructure	Roads	-	11 934	15 034	17 000	13 900		UPGRADING
Technical Services	Capital:Infrastructure:New:Roads Infrastructure:Roads	Roads Infrastructure	Roads	-	-	-	-	-		NEW
Technical Services	Capital:Non-Infrastructure:New:Transport Assets	Transport Assets	Transport Assets	-	-	-	-	-		NEW
Parent Capital expenditure	1					61 196	58 906	86 122		

EC139 Enoch Mqijima - Supporting Table SA38 Consolidated detailed operational projects

Municipal Vote/Operational project	Ref	Program/Project description	Project number	IDP Goal code 2	Asset Sub-Class	Total Project Estimate	Prior year outcomes		2018/19 Medium Term Revenue & Expenditure Framework			Project information
							Audited Outcome 2016/17	Current Year 2017/18 Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21	
R thousand	4											Ward location
Parent municipality:												
<i>List all operational projects grouped by Municipal Vote</i>												
Administration & Human Resources		Operational:Typical Work Streams:Strategic Management And Governance:Strategic Planning:Promotional				–	–	–	63	67	71	whole of municipality
Administration & Human Resources		Operational:Typical Work Streams:Strategic Management And Governance:Strategic Planning:Best Pract				–	–	500	–	–	–	whole of municipality
Administration & Human Resources		Operational:Typical Work Streams:Aids/Hiv ; Tuberculosis And Cancer:Aids Day				–	–	8	–	–	–	whole of municipality
Administration & Human Resources		Operational:Typical Work Streams:Capacity Building Training And Development:Workshops; Seminars And				–	–	56	456	456	456	whole of municipality
Administration & Human Resources		Operational:Typical Work Streams:Communication And Public Participation:Awareness Campaign				–	–	63	–	–	–	whole of municipality
Administration & Human Resources		Operational:Typical Work Streams:Communication And Public Participation:By-Law s Promulgation				–	–	600	–	–	–	whole of municipality
Administration & Human Resources		Operational:Typical Work Streams:Communication And Public Participation:New sletters				–	–	50	500	525	525	whole of municipality
Administration & Human Resources		Operational:Typical Work Streams:Functions And Events:Special Events And Functions				–	–	–	–	–	–	whole of municipality
Administration & Human Resources		Operational:Typical Work Streams:Human Resources:Employee Assistance Programme				–	–	–	–	–	–	whole of municipality
Administration & Human Resources		Operational:Typical Work Streams:Human Resources:Human Resource Management				–	–	4 550	–	–	–	whole of municipality
Administration & Human Resources		Operational:Typical Work Streams:Occupational Health And Safety				–	–	–	33	35	35	whole of municipality
Administration & Human Resources		Operational:Typical Work Streams:Strategic Management And Governance:Administrative Strategy And Pla				–	–	–	–	–	–	whole of municipality
Administration & Human Resources		Operational:Typical Work Streams:Financial Management Grant:Financial Systems				–	–	600	–	–	–	whole of municipality
Administration & Human Resources		Operational:Municipal Running Cost	M123			100	–	17 846	20 048	20 483	21 579	whole of municipality
Administration & Human Resources		Operational:Infrastructure Projects:Existing:Upgrading:Information And Communication Infrastructure:				–	–	–	–	–	–	whole of municipality
Administration & Human Resources		Operational:Infrastructure Projects:Existing:Upgrading:Information And Communication Infrastructure:				–	–	1 500	–	–	–	whole of municipality
Administration & Human Resources		Operational:Maintenance:Non-Infrastructure:Corrective Maintenance:Planned:Machinery And Equipment			Machinery And Equipment	–	–	13	46	14	14	whole of municipality
Administration & Human Resources		Operational:Non-Infrastructure:New:Other Assets:Operational Buildings:Depots				–	–	–	–	–	–	whole of municipality
Administration & Human Resources		Operational:Maintenance:Non-Infrastructure:Corrective Maintenance:Planned:Other Assets:Operational Buildings:Depots			Municipal Offices	–	–	9	9	10	10	whole of municipality
Administration & Human Resources		Operational:Maintenance:Infrastructure:Corrective Maintenance:Planned:Sanitation Infrastructure			Waste Water Treatment Works	–	–	–	–	–	–	whole of municipality
Budget & Treasury		Operational:Typical Work Streams:Strategic Management And Governance:Strategic Planning:Promotional				–	–	–	176	176	239	whole of municipality
Budget & Treasury		Operational:Typical Work Streams:Aids/Hiv ; Tuberculosis And Cancer:Aids Day				–	–	–	–	–	–	whole of municipality
Budget & Treasury		Operational:Typical Work Streams:Capacity Building Training And Development:Workshops; Seminars And				–	–	54	1 069	1 057	1 060	whole of municipality
Budget & Treasury		Operational:Typical Work Streams:Communication And Public Participation:Public Participation Meeting				–	–	176	–	–	–	whole of municipality
Budget & Treasury		Operational:Typical Work Streams:Functions And Events:Special Events And Functions				–	–	20	–	–	–	whole of municipality
Budget & Treasury		Operational:Typical Work Streams:Human Resources:Human Resource Management				–	–	–	–	–	–	whole of municipality
Budget & Treasury		Operational:Typical Work Streams:Property Rates Act Implementation:Valuation				–	–	–	4 026	1 001	1	whole of municipality
Budget & Treasury		Operational:Typical Work Streams:Protecting The Poor				–	–	–	1 220	630	630	whole of municipality
Budget & Treasury		Operational:Typical Work Streams:Tourism:Tourism Development				–	–	71	–	–	–	whole of municipality
Budget & Treasury		Operational:Typical Work Streams:Financial Management Grant:Audit Outcomes				–	–	1 530	–	–	–	whole of municipality
Budget & Treasury		Operational:Typical Work Streams:Financial Management Grant:Budget And Treasury Office				–	–	–	280	294	294	whole of municipality
Budget & Treasury		Operational:Typical Work Streams:Financial Management Grant:Financial Statements				–	–	6 600	3 400	8 380	8 799	whole of municipality
Budget & Treasury		Operational:Typical Work Streams:Financial Management Grant:Financial Systems				–	–	6 852	–	–	–	whole of municipality
Budget & Treasury		Operational:Typical Work Streams:Financial Management Grant:Interns Compensation				–	–	840	–	–	–	whole of municipality
Budget & Treasury		Operational:Typical Work Streams:Financial Management Grant:Training Minimum Competency				–	–	500	550	1 430	1 430	whole of municipality
Budget & Treasury		Operational:Municipal Running Cost	M123			100	–	42 970	49 665	43 629	46 093	whole of municipality
Budget & Treasury		Operational:Maintenance:Non-Infrastructure:Corrective Maintenance:Planned:Furniture And Office Equipment			Furniture And Office Equipment	–	–	–	1 581	1 660	1 743	whole of municipality
Budget & Treasury		Operational:Maintenance:Non-Infrastructure:Corrective Maintenance:Planned:Machinery And Equipment			Machinery And Equipment	–	–	192	221	230	240	whole of municipality
Budget & Treasury		Operational:Maintenance:Non-Infrastructure:Corrective Maintenance:Emergency:Machinery And Equipment			Machinery And Equipment	–	–	28	–	–	–	whole of municipality

Budget & Treasury	Operational:Maintenance:Non-Infrastructure:Corrective Maintenance:Planned:Other Assets:Oper	Municipal Offices	-	-	1 983	912	958	1 005	whole of municipality
Community Services	Operational:Typical Work Streams:Strategic Management And Governance:Strategic Planning:Promotional		-	-	-	25	26	28	whole of municipality
Community Services	Operational:Typical Work Streams:Aids/Hiv; Tuberculosis And Cancer:Awareness And Information		-	-	3	-	-	-	whole of municipality
Community Services	Operational:Typical Work Streams:Capacity Building Training And Development:Workshops; Seminars And		-	-	29	59	62	64	whole of municipality
Community Services	Operational:Typical Work Streams:City Cleanliness And Clean-Up:Clean-Up Actions		-	-	72	72	76	76	whole of municipality
Community Services	Operational:Typical Work Streams:Communication And Public Participation:Awareness Campaign		-	-	3	-	-	-	whole of municipality
Community Services	Operational:Typical Work Streams:Communication And Public Participation:Budget Road Show Public Part		-	-	3	-	-	-	whole of municipality
Community Services	Operational:Typical Work Streams:Communication And Public Participation:Public Participation Meeting		-	-	11	-	-	-	whole of municipality
Community Services	Operational:Typical Work Streams:Community Development:Burials		-	-	30	-	-	-	whole of municipality
Community Services	Operational:Typical Work Streams:Functions And Events:Events And Organisations		-	-	4	-	-	-	whole of municipality
Community Services	Operational:Typical Work Streams:Functions And Events:Special Events And Functions		-	-	9	-	-	-	whole of municipality
Community Services	Operational:Typical Work Streams:Human Resources:Human Resource Management		-	-	235	456	479	503	whole of municipality
Community Services	Operational:Typical Work Streams:Electrification		-	-	3	-	-	-	whole of municipality
Community Services	Operational:Municipal Running Cost	M123	100	-	72 914	86 429	78 915	83 990	whole of municipality
Community Services	Operational:Maintenance:Non-Infrastructure:Corrective Maintenance:Planned:Furniture And Office	Furniture And Office Equipment	-	-	4	4	4	4	whole of municipality
Community Services	Operational:Maintenance:Non-Infrastructure:Corrective Maintenance:Emergency:Furniture And Office	Furniture And Office Equipment	-	-	2	-	-	-	whole of municipality
Community Services	Operational:Maintenance:Non-Infrastructure:Corrective Maintenance:Planned:Machinery And Equipment	Machinery And Equipment	-	-	1 117	1 585	1 657	1 737	whole of municipality
Community Services	Operational:Maintenance:Non-Infrastructure:Corrective Maintenance:Emergency:Machinery And Equipment	Machinery And Equipment	-	-	3	-	-	-	whole of municipality
Community Services	Operational:Maintenance:Non-Infrastructure:Corrective Maintenance:Planned:Other Assets:Oper	Municipal Offices	-	-	152	186	191	192	whole of municipality
Community Services	Operational:Maintenance:Non-Infrastructure:Corrective Maintenance:Planned:Other Assets:Oper	Municipal Offices	-	-	-	-	-	-	whole of municipality
Community Services	Operational:Maintenance:Non-Infrastructure:Corrective Maintenance:Planned:Other Assets:Oper	Municipal Offices	-	-	4	-	-	-	whole of municipality
Community Services	Operational:Maintenance:Infrastructure:Corrective Maintenance:Planned:Roads Infrastructure:Road	Road Structures	-	-	33	33	33	33	whole of municipality
Community Services	Operational:Maintenance:Infrastructure:Corrective Maintenance:Planned:Roads Infrastructure:Road	Roads	-	-	-	-	-	-	whole of municipality
Control Room Services	Operational:Typical Work Streams:Strategic Management And Governance:Strategic Planning:Promotional		-	-	-	29	31	35	whole of municipality
Control Room Services	Operational:Typical Work Streams:Capacity Building Training And Development:Workshops; Seminars And		-	-	62	81	86	88	whole of municipality
Control Room Services	Operational:Typical Work Streams:Communication And Public Participation:Awareness Campaign		-	-	21	-	-	-	whole of municipality
Control Room Services	Operational:Typical Work Streams:Communication And Public Participation:Public Participation Meeting		-	-	8	-	-	-	whole of municipality
Control Room Services	Operational:Typical Work Streams:Functions And Events:Events And Organisations		-	-	-	-	-	-	whole of municipality
Control Room Services	Operational:Typical Work Streams:Functions And Events:Special Events And Functions		-	-	85	-	-	-	whole of municipality
Control Room Services	Operational:Typical Work Streams:Human Resources:Human Resource Management		-	-	-	-	-	-	whole of municipality
Control Room Services	Operational:Typical Work Streams:Municipal Properties		-	-	-	6 608	6 939	6 939	whole of municipality
Control Room Services	Operational:Typical Work Streams:Strategic Management And Governance:Administrative Strategy And Pla		-	-	150	150	150	150	whole of municipality
Control Room Services	Operational:Typical Work Streams:Electrification		-	-	109	-	-	-	whole of municipality
Control Room Services	Operational:Maintenance:Non-Infrastructure:Corrective Maintenance:Planned:Community Asset	Fire/Ambulance Stations	-	-	-	510	535	535	whole of municipality
Control Room Services	Operational:Maintenance:Non-Infrastructure:Corrective Maintenance:Planned:Community Asset	Public Open Space	-	-	-	67	70	70	whole of municipality
Control Room Services	Operational:Municipal Running Cost	M123	100	-	46 424	44 311	41 617	44 475	whole of municipality
Control Room Services	Operational:Maintenance:Non-Infrastructure:Corrective Maintenance:Planned:Furniture And Office	Furniture And Office Equipment	-	-	-	111	117	117	whole of municipality
Control Room Services	Operational:Maintenance:Non-Infrastructure:Corrective Maintenance:Emergency:Furniture And Office	Furniture And Office Equipment	-	-	62	-	-	-	whole of municipality
Control Room Services	Operational:Maintenance:Non-Infrastructure:Corrective Maintenance:Planned:Machinery And Equipment	Machinery And Equipment	-	-	441	527	580	622	whole of municipality
Control Room Services	Operational:Maintenance:Non-Infrastructure:Corrective Maintenance:Emergency:Machinery And Equipment	Machinery And Equipment	-	-	85	-	-	-	whole of municipality
Control Room Services	Operational:Maintenance:Non-Infrastructure:Corrective Maintenance:Planned:Other Assets:Oper	Municipal Offices	-	-	1 016	414	18	19	whole of municipality
Control Room Services	Operational:Maintenance:Non-Infrastructure:Corrective Maintenance:Planned:Other Assets:Oper	Municipal Offices	-	-	-	-	-	-	whole of municipality
Control Room Services	Operational:Maintenance:Non-Infrastructure:Corrective Maintenance:Emergency:Other Assets:Oper	Municipal Offices	-	-	228	-	-	-	whole of municipality
Control Room Services	Operational:Maintenance:Infrastructure:Corrective Maintenance:Planned:Roads Infrastructure:Road	Road Furniture	-	-	-	198	307	350	whole of municipality
Control Room Services	Operational:Maintenance:Infrastructure:Corrective Maintenance:Planned:Sanitation Infrastructure	Reticulation	-	-	-	-	-	-	whole of municipality

Control Room Services	Operational:Maintenance:Infrastructure:Corrective Maintenance:Planned:Water Supply Infrastruc	Bulk Mains	-	-	-	-	-	-	whole of municipality
Control Room Services	Operational:Maintenance:Infrastructure:Corrective Maintenance:Planned:Water Supply Infrastruc	Dams And Weirs	-	-	-	-	-	-	whole of municipality
Council Administration	Operational:Typical Work Streams:Strategic Management And Governance:Strategic Planning:Promotional		-	-	-	99	99	99	whole of municipality
Council Administration	Operational:Typical Work Streams:Aids/Hiv ; Tuberculosis And Cancer:Awareness And Information		-	-	-	-	-	-	whole of municipality
Council Administration	Operational:Typical Work Streams:Aids/Hiv ; Tuberculosis And Cancer:Support And Distribution Programm		-	-	-	25	25	25	whole of municipality
Council Administration	Operational:Typical Work Streams:Aids/Hiv ; Tuberculosis And Cancer:Aids Day		-	-	25	-	-	-	whole of municipality
Council Administration	Operational:Typical Work Streams:Capacity Building Training And Development:Workshops; Seminars And		-	-	881	2 009	2 009	2 009	whole of municipality
Council Administration	Operational:Typical Work Streams:Communication And Public Participation:Mayoral/Executive Mayor Camp		-	-	99	-	-	-	whole of municipality
Council Administration	Operational:Typical Work Streams:Communication And Public Participation:Newsletters		-	-	28	11	11	11	whole of municipality
Council Administration	Operational:Typical Work Streams:Functions And Events:Civic Functions		-	-	425	-	-	-	whole of municipality
Council Administration	Operational:Typical Work Streams:Human Resources:Human Resource Management		-	-	476	-	-	-	whole of municipality
Council Administration	Operational:Typical Work Streams:Property Rates Act Implementation:Valuation		-	-	-	-	-	-	whole of municipality
Council Administration	Operational:Typical Work Streams:Tourism:Tourism Development		-	-	77	-	-	-	whole of municipality
Council Administration	Operational:Typical Work Streams:Ward Committees:Meetings		-	-	-	4 360	3 788	3 788	whole of municipality
Council Administration	Operational:Municipal Running Cost	M123	100	-	39 954	37 969	38 794	40 867	whole of municipality
Council Administration	Operational:Maintenance:Non-Infrastructure:Corrective Maintenance:Planned:Machinery And Eq	Machinery And Equipment	-	-	22	-	-	-	whole of municipality
Human Settlements	Operational:Typical Work Streams:Strategic Management And Governance:Strategic Planning:Promotional		-	-	-	58	58	58	whole of municipality
Human Settlements	Operational:Typical Work Streams:Capacity Building Training And Development:Workshops; Seminars And		-	-	14	16	16	16	whole of municipality
Human Settlements	Operational:Typical Work Streams:Functions And Events:Events And Organisations		-	-	650	750	750	750	whole of municipality
Human Settlements	Operational:Typical Work Streams:Functions And Events:Special Events And Functions		-	-	7	-	-	-	whole of municipality
Human Settlements	Operational:Typical Work Streams:Human Resources:Employee Assistance Programme		-	-	2	-	-	-	whole of municipality
Human Settlements	Operational:Typical Work Streams:Municipal Properties		-	-	-	6	6	6	whole of municipality
Human Settlements	Operational:Typical Work Streams:Property Rates Act Implementation:Valuation		-	-	100	-	-	-	whole of municipality
Human Settlements	Operational:Typical Work Streams:Spatial Planning		-	-	-	-	1 117	1 117	whole of municipality
Human Settlements	Operational:Typical Work Streams:Strategic Management And Governance:Administrative Strategy And Pla		-	-	-	200	348	348	whole of municipality
Human Settlements	Operational:Municipal Running Cost	M123	100	-	17 984	19 135	21 997	25 721	whole of municipality
Human Settlements	Operational:Maintenance:Non-Infrastructure:Corrective Maintenance:Planned:Machinery And Eq	Machinery And Equipment	-	-	294	284	285	285	whole of municipality
Human Settlements	Operational:Maintenance:Non-Infrastructure:Corrective Maintenance:Planned:Other Assets:Oper	Municipal Offices	-	-	1 230	3 313	3 313	3 313	whole of municipality
Human Settlements	Operational:Maintenance:Non-Infrastructure:Corrective Maintenance:Planned:Other Assets:Oper	Municipal Offices	-	-	83	-	-	-	whole of municipality
Ipced	Operational:Typical Work Streams:Strategic Management And Governance:Strategic Planning:Promotional		-	-	-	20	21	21	whole of municipality
Ipced	Operational:Typical Work Streams:Capacity Building Training And Development:Workshops; Seminars And		-	-	265	268	282	282	whole of municipality
Ipced	Operational:Typical Work Streams:Functions And Events:Special Events And Functions		-	-	4	-	-	-	whole of municipality
Ipced	Operational:Typical Work Streams:Local Economic Development Training		-	-	800	800	800	800	whole of municipality
Ipced	Operational:Typical Work Streams:Strategic Management And Governance:Administrative Strategy And Pla		-	-	-	150	150	150	whole of municipality
Ipced	Operational:Typical Work Streams:Strategic Management And Governance:Idp Planning And Revision		-	-	1 024	-	-	-	whole of municipality
Ipced	Operational:Typical Work Streams:Strategic Management And Governance:Idp Implementation And Monitori		-	-	-	510	238	238	whole of municipality
Ipced	Operational:Typical Work Streams:Tourism:Tourism Development		-	-	780	780	221	221	whole of municipality
Ipced	Operational:Typical Work Streams:Tourism:Tourism Projects		-	-	-	-	-	-	whole of municipality
Ipced	Operational:Municipal Running Cost	M123	100	-	7 802	6 378	7 903	8 357	whole of municipality
Ipced	Operational:Maintenance:Non-Infrastructure:Corrective Maintenance:Planned:Machinery And Eq	Machinery And Equipment	-	-	3	3	3	3	whole of municipality
Ipced	Operational:Maintenance:Non-Infrastructure:Corrective Maintenance:Planned:Other Assets:Oper	Municipal Offices	-	-	2	2	2	2	whole of municipality
Municipal Manager	Operational:Typical Work Streams:Aids/Hiv ; Tuberculosis And Cancer:Awareness And Information		-	-	80	-	-	-	whole of municipality
Municipal Manager	Operational:Typical Work Streams:Aids/Hiv ; Tuberculosis And Cancer:Support And Distribution Programm		-	-	84	84	89	89	whole of municipality
Municipal Manager	Operational:Typical Work Streams:Aids/Hiv ; Tuberculosis And Cancer:Aids Day		-	-	58	158	166	166	whole of municipality
Municipal Manager	Operational:Typical Work Streams:Capacity Building Training And Development:Workshops; Seminars And		-	-	401	536	560	561	whole of municipality

Technical Services	Operational:Typical Work Streams:Functions And Events:Recreational Functions			-	-	6	-	-	-	Whole of Municipality
Technical Services	Operational:Typical Work Streams:Human Resources:Employee Assistance Programme			-	-	-	-	-	-	Whole of Municipality
Technical Services	Operational:Typical Work Streams:Human Resources:Human Resource Management			-	-	-	-	-	-	Whole of Municipality
Technical Services	Operational:Typical Work Streams:Municipal Properties			-	-	-	6	7	7	Whole of Municipality
Technical Services	Operational:Typical Work Streams:Occupational Health And Safety			-	-	-	2	2	2	Whole of Municipality
Technical Services	Operational:Typical Work Streams:Strategic Management And Governance:Administrative Strategy And Pla			-	-	106	506	524	524	Whole of Municipality
Technical Services	Operational:Typical Work Streams:Strategic Management And Governance:Idp Planning And Revision			-	-	42	-	-	-	Whole of Municipality
Technical Services	Operational:Typical Work Streams:Financial Management Grant:Interns Compensation			-	-	2 752	2 652	2 706	2 854	Whole of Municipality
Technical Services	Operational:Typical Work Streams:Electrification			-	-	554	-	-	-	Whole of Municipality
Technical Services	Operational:Maintenance:Infrastructure:Corrective Maintenance:Planned:Electrical Infrastructure:Lv N			-	-	-	549	576	576	Whole of Municipality
Technical Services	Operational:Maintenance:Infrastructure:Corrective Maintenance:Planned:Electrical Infrastructure:Lv N			-	-	-	6	6	6	Whole of Municipality
Technical Services	Operational:Maintenance:Infrastructure:Corrective Maintenance:Planned:Electrical Infrastructure:Powe			-	-	3 100	6 450	6 772	6 772	Whole of Municipality
Technical Services	Operational:Municipal Running Cost	M123	100	-	-	322 765	312 297	361 692	377 700	Whole of Municipality
Technical Services	Operational:Maintenance:Non-Infrastructure:Corrective Maintenance:Planned:Furniture And Office Equip			-	-	1	32	32	32	Whole of Municipality
Technical Services	Operational:Maintenance:Non-Infrastructure:Corrective Maintenance:Planned:Machinery And Equipment			-	-	3 083	2 812	2 954	3 368	Whole of Municipality
Technical Services	Operational:Maintenance:Non-Infrastructure:Corrective Maintenance:Emergency:Machinery And Equipment			-	-	46	-	-	-	Whole of Municipality
Technical Services	Operational:Maintenance:Non-Infrastructure:Corrective Maintenance:Planned:Other Assets:Operational B			-	-	96	86	91	91	Whole of Municipality
Technical Services	Operational:Maintenance:Infrastructure:Corrective Maintenance:Planned:Rail Infrastructure:Rail Lines			-	-	-	10	10	10	Whole of Municipality
Technical Services	Operational:Maintenance:Infrastructure:Corrective Maintenance:Planned:Roads Infrastructure:Road Furn			-	-	-	6	7	7	Whole of Municipality
Technical Services	Operational:Maintenance:Infrastructure:Corrective Maintenance:Planned:Roads Infrastructure:Road Stru			-	-	3 881	8 037	8 439	8 439	Whole of Municipality
Technical Services	Operational:Maintenance:Infrastructure:Corrective Maintenance:Planned:Roads Infrastructure:Roads:Lan			-	-	-	-	-	-	Whole of Municipality
Technical Services	Operational:Maintenance:Infrastructure:Corrective Maintenance:Planned:Storm Water Infrastructure:Dra			-	-	88	-	-	-	Whole of Municipality
Technical Services	Operational:Maintenance:Infrastructure:Corrective Maintenance:Planned:Storm Water Infrastructure:Sto			-	-	-	-	-	-	Whole of Municipality
Technical Services	Operational:Maintenance:Infrastructure:Corrective Maintenance:Planned:Storm Water Infrastructure:Sto			-	-	-	88	88	88	Whole of Municipality
Parent operational expenditure	1						663 953	712 414	748 014	

# **ENoch MGijima MUNICIPALITY**



**ENoch MGijima**  
LOCAL MUNICIPALITY

## **Enoch Mgijima Local Municipality BUDGET APPENDIX A RATES AND TARIFFS**

**2018/19**

# TARIFFS FROM REFUSE REMOVAL

	PROPOSED SOLID WASTE TARIFFS 2018-2019 FINANCIAL YEAR						
	AS FROM 01 JULY 2018						
REFUSE TARIFFS		2016/2017	2016/2017	2017/2018	2017/2018	2018/2019	2018/2019
		CHARGE PER	ADDITIONAL	CHARGE PER	CHARGE PER	CHARGE PER	ADDITIONAL
	REMOVALS	BINS	BINS	BINS	BINS	BINS	BINS
DESCRIPTION	PER WEEK						
DOMESTIC	1	102.25	102.25	108.385	108.385	113.81	113.81
BUSINESS/OTHER	2	159.33	119.56	168.8898	126.7336	177.33	133.07
BUSINESS/OTHER	3	239.06	179.33	253.4036	190.0898	266.07	199.59
BUSINESS/OTHER	4	318.76	230.69	337.8856	244.5314	354.78	256.76
BUSINESS/OTHER	5	398.44	298.67	422.3464	316.5902	443.47	332.42
BUSINESS/OTHER	6	478.06	313.17	506.7436	331.9602	532.08	348.56
INDIGENTS	1	0	0	0	0	0.00	0.00
OLD AGE HOMES	1	102.25	102.25	108.385	108.385	113.81	113.81
BULK CONTAINER - SMALL		281.22	189.22	298.0932	200.5732	312.99	210.60
BULK CONTAINER - LARGE		402.11	189.73	426.2366	201.1138	447.55	211.17
4.5M CONTAINERS		494.4	280.58	524.064	297.4148	550.26	312.28
18M CONTAINERS		762.2	408.64	807.932	433.1584	848.33	454.82
770 LITRE CONTAINER		305.52	154.53	323.8512	163.8018	340.04	171.99



<b>PROPERTY RATES AND LEVIES</b>			
<b>Proposed increment 2018/19 at 5.0%</b>			
General Rate	2018/2019	2017/2018	
Domestic (cents in a Rand)	0.00839055	0.007991	<b>Cents in a Rand</b>
Business/ Commercial (cents in a Rand)	0.01060689	0.0101018	<b>Cents in a Rand</b>
Government/ Parastatals (State Owned) (cents in a Rand)	0.00839202	0.0079924	<b>Cents in a Rand</b>
Agricultural (cents in a Rand)	0.00214305	0.002041	<b>Cents in a Rand</b>
PSI (cents in a Rand)	0.00214305	0.002041	<b>Cents in a Rand</b>
Vacant land	0.03918873	0.0373226	<b>Cents in a Rand</b>
Municipal Properties			<b>Exempted</b>
Places of Worship			<b>Exempted</b>
PBO			<b>Exempted</b>

**Domestic Tariffs :T1**

Bona Fida private residence including flats

Basic Charge: 192.84/ month

Tariff Blocks	c/Kwh
Block1 (0-50 kWh)	0.9148
Block 2 (51-350 kWh)	1.1806
Block 3 (351-600 kWh)	1.625
Block 4 (>600 kWh)	1.924

Basic Charge: 196.46/ month

Tariff Blocks	c/Kwh
Block1 (0-50 kWh)	0.9320
Block 2 (51-350 kWh)	1.2028
Block 3 (351-600 kWh)	1.6556
Block 4 (>600 kWh)	1.9601

**Domestic Prepaid:T2**

Tariff Blocks	c/Kwh
Block1 (0-50 kWh)	0.9148
Block 2 (51-350 kWh)	1.1806
Block 3 (351-600 kWh)	1.625
Block 4 (>600 kWh)	1.924

Tariff Blocks	c/Kwh
Block1 (0-50 kWh)	0.9320
Block 2 (51-350 kWh)	1.2028
Block 3 (351-600 kWh)	1.6556
Block 4 (>600 kWh)	1.9601

Basic Charge: 179.156/ month

Tariff Blocks	c/Kwh
Block1 (0-50 kWh)	0.9148
Block 2 (51-350 kWh)	1.1806
Block 3 (351-600 kWh)	1.625
Block 4 (>600 kWh)	1.924

Basic Charge: 182.52/ month

Tariff Blocks	c/Kwh
Block1 (0-50 kWh)	0.9320
Block 2 (51-350 kWh)	1.2028
Block 3 (351-600 kWh)	1.6556
Block 4 (>600 kWh)	1.9601

**Commercial Prepaid T4****COMMERCIAL TARIFFS:T3  
Commercial Small Users**

Basic Charge: 696.64/ month

Tariff Blocks	c/Kwh
<=500	1.9955
>500	1.5578

Energy Charge: kWh

6.74

**Commercial Prepaid T4**

Basic Charge: 709.72/ month

Tariff Blocks	c/Kwh
<=500	2.0331
>500	1.587

Energy Charge: kWh

6.74

**FARLINES: General Power Users**

Basic Charge: 696.63 / month

Tariff Blocks	c/Kwh
<=500	2.016
>500	1.5757

Basic Charge: 709.72/ month

Tariff Blocks	c/Kwh
<=500	2.054
>500	1.6051

**COMMERCIAL OLD AGE HOMES**

Basic Charge: R790.08

Tariff Blocks	c/Kwh
Energy Charge	0.536
Demand Charge	146.75

Basic Charge: R804.93

Tariff Blocks	c/Kwh
Energy Charge	0.5457
Demand Charge	149.5

**INDUSTRIAL TARIFFS:T5**

Basic Charge: 1316.82 / month

Tariff Blocks	c/Kwh
Energy Charge	89.21
Demand Charge	244.1
Demand Charge KVA	1.625
Where kVA < 80 for demand :	8084.
R7510.34/kVA	13

**INDUSTRIAL TARIFFS**

Basic Charge: 1366.33 / month

Tariff Blocks	c/Kwh
Energy Charge	90.88
Demand Charge	248.6
Demand Charge KVA	8
Demand Charge KVA	1.656
Where kVA < 80 for demand :	8236.
R7651.53/kVA	11

**TIME OF USE:T6****TX <100 000kWh<80kVA****Low Season**

Basic Charge: 630.22 / month

Tariff Blocks	c/Kwh
Energy Charge:	
Peak	319.79
Standard	139.04
Off Peak	77.84

**TIME OF USE****TX <100 000kWh<80kVA****Low Season**

Basic Charge: 630.22 / month

Tariff Blocks	c/Kwh
Energy Charge:	
Peak	325.79
Standard	141.65
Off Peak	73.2

**High Season**

Basic Charge: 630.22 / month

Tariff Blocks	c/Kwh
Energy Charge:	
Peak	325.58
Standard	144.83
Off Peak	71.84
Reactive Energy	15.07

**High Season**

Basic Charge: 630.22 / month

Tariff Blocks	c/Kwh
Energy Charge:	
Peak	331.7
Standard	147.54
Off Peak	73.2
Reactive Energy	14.26

**T 7 <100 000kWh>80kVA****Low Season**

Basic Charge: 1210.94 / month

Tariff Blocks	c/Kwh
Energy Charge:	
Peak	191.18
Standard	118.18
Off Peak	67.2
Reactive Energy	15.07
Demand Charge	97.78

**T 7 <100 000kWh>80kVA****Low Season**

Basic Charge: 121.09/ month

Tariff Blocks	c/Kwh
Energy Charge:	
Peak	194.76
Standard	120.4
Off Peak	68.46
Reactive Energy	15.35
Demand Charge	99.61

**FEE FOR DISCONNECTION FOR NON - PAYMENT**

	2017/18	2018/19
Additional deposit	R219.63	R231.92
Administration fee	R66.87	R70.61
Paper Cut - Administration fee	R66.87	R70.61

**TESTING OF ELECTRICITY METERS**

Single Phase	R241.63	R255.16
Three Phase	R354.60	R374.46
MD meter (KVA/KWH combination meter)	R602.14	R635.86

**SPECIAL METER READINGS**

Town	R124.55	R131.52
Rural	R124.55	R131.52

**TEMPER FEES**

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Business			R-	R 15 000
Domestic			R-	R 8 000
Industrial			R-	R 25 000

	SALE OF PLANTS	2018/2019	
		Incl VAT	
	Seedlings		0.5
	Shrubs		R 27-00
	Trees (In containers)		R 60-00
	Trees (ex open grounds)		R 50-00
	Hire of Large plants		R 25-00
	Hire of Small plants		R15-00
	Potting soil bag (small)		R10-00
	Potting soil bag (large)		R60-00
	Potplants 7.5cm		R 20-00
	Potplants 10cm		R 25-00
	Potplants 12.5cm		R 30-00
	Potplants 15cm		R35-00
	Potplants 20cm		R 50-00
<b>29</b>			

31	<b>SWIMMING POOL FEES : VAT Inclusive</b>		<b>2018/2019</b>
	Entrance fee (Adults)		R10-00
	Entrance fee (Children)		R5-00
	Season Tickets		R200-00
32	<b>BERRY USAGE FEES : VAT Inclusive</b>		<b>2018/2019</b>
	Entrance fees : per vehicle with 5 people		R45-00
	Entrance fees : additional people per person		R9-00
	Season Tickets		R 200-00
	<b>BONKOLO USAGE FEES : VAT INCLUSIVE</b>		
	Entrance fee per person - Adult		R20-00
	Entrance fee per person - Children		R10-00
	Fishing permit for overnight persons. Fishing only		R300-00
	Hire of facility for events		R 4500-00
33	<b>GAME RESERVE ENTRANCE FEES : VAT Inclusive</b>		<b>2018/2019</b>
	Entrance fees : per vehicle with 5 people		R45-00
	Entrance fees : additional people per person		R9-00
	Season Tickets		R200-00
34	<b>GAME RESERVE LAPA AND SUNNYSIDE HIRE FEES</b>		<b>2018/2019</b>
		<b>Excl VAT</b>	
	Hire of Lapa (Maximum of 40 people)		R 800-00
	Deposit of Lapa (refundable under conditions)		R 350-00
	Overtime - Saturday		R150-00



	Overtime - Sunday		R 200-00
	Hire of Sunnyside (maximum of 100 people)		R1500-00
	Deposit for Sunnyside		R 500-00
	Guided Vehicle Tour		R 120-00
	Caravan or Tent		R 120-00
	Electricity		R 70-00
	Only educational tours are free of charge.		
<b>CEMETERY CHARGES EXCLUDING VAT</b>			<b>2018/2019</b>
<b>35</b>	<b>CEMETRIES ; MLUNGISI, EZIBELANI, WHITTLESEA &amp; Ilinge &amp; LESSEYTON</b>		
	Adult Plot		R240-00
	Casket Plot		R270-00
	Baby Plot		R140-00
	Digging of a Baby Plot		R160-00
	Digging of Adult Grave		R270-00
	Digging of Casket Grave		R320-00
	Closing of Grave		R170-00
	Closing of Baby Grave		R125-00
<b>36</b>	<b>CEMETRIES - NEW (Lukhanji and Queenstown)</b>		
	<b>BERM SECTION</b>		
	Adult Plot and Casket Plot		R350-00
	Digging of Adult Grave		R350-00
	Digging of Casket Grave		R400-00
	Closing of Grave		R240-00
	Exhumation of Body		R1800-00

	Funerals on Public Holidays		DOUBLE TARIFFS
	<b>CEMETERY - NEW MONUMENTAL SECTION</b>		
	Digging of Adult Grave		R 515-00
	Single Plot		R 525-00
	Double Plot		R1050-00
	Digging of Casket Grave		R850 -00
	Digging of Extra Deep Grave		R240-00 extra
	Digging of Outsize Casket Grave		R240-00 extra
	Closing of Grave		R270-00
	Wall of Remembrance		R 300-00
	Ash Grave		R150-00
	Burial of Ashes in existing grave		R150-00
	Erection of monuments : Single Grave		R200-00
	Erection of monuments : Double Grave		R400-00
37			
	<b>CEMETERY - NEW BABY SECTION</b>		
	Closing of Baby Grave		R140-00
	Outsize Baby Grave		R50-00 extra
	Digging of Baby Grave		R230-00
38	Baby Plot		R240-00
	<b>EXHUMATION OF BODY</b>		
39	Exhumation		R1800-00

<b>POUND FEES - EXCLUDING VAT</b>		<b>2018/2019</b>
<b>42</b>	<b>RATE OF COMPENSATION</b>	Excl VAT
	For animals delivered to the pouNd, whether one or more per kilometer or portion of a kilometer	R6-50
	For animals transported by vehicle, per kilometer or portion of a kilometer	R16-50
	Use of commonage for innitiation school	R350-00
	Deposit of initiation site	R 50-00
	Price of Lucern	Actual
<b>43</b>	<b>TRESPASSING FEE</b>	
	Horses, cattle, and pigs per head	R80-00
	Goats & Sheep per head	R55-00
<b>44</b>	<b>POUND FEES</b>	
	Horses, cattle, and pigs per head	R90-00
	Goats & Sheep per head	R55-00
<b>45</b>	<b>SUSTENANCE FEES</b>	
	Horses, cattle, and pigs per head	R90-00
	Goats & Sheep per head	R60-00
<b>46</b>	<b>OTHER CHARGES</b>	
	Dipping Fees - (Cattle)	R70-00
	Dosing Fees - (Goats, Sheep per Head)	R70-00
<b>47</b>	<b>CALL OUTS</b>	

	18H00 to 06H00 and over weekends per call out to impound (To be paid by owner of animals)		R390-00
48			
	<b>ALL SPORT STADIUMS</b>		<b>2018/2019</b>
	<b>THOBI KULA INDOOR SPORT CENTRE FEES</b>	Excl VAT	
	Actual Hire (per hall)		R90-00
	Kitchen		R80-00
	Stove		R100-00
	Administration fee	10% of Invoice	
	Cleaning Fees (Per Day)		R400-00
	Overtime: Monday to Saturday		R80-00
	Overtime: Sunday and Public Holidays		R95-00
	Political Parties		R1000-00
	Funtions where entrance fees are charged - EVENTS		R4500-00
	Dances / Discos		R4500-00
	Competitions / Contests of any nature		R4500-00
	Parties		R2000-00
	Graduation Ceremonies		R2000-00
	Weddings		R3000-00
49	Use of Athletic track		R 350-00
	Use of Rugby / Soccer/ Cricket Field per session of 4 hours		R 90-00
	Use of floodlights per hour		R 40-00

<b>LIBRARIES FINES : VAT Inclusive</b>		<b>2017/2018</b>	<b>2018/2019</b>
1. Books, CD's, Art prints		R 1.50	<b>DSRAC</b>
3. Lost member pocket		R 2.50	<b>DSRAC</b>
3 Lost member card (PALS)		R 12.00	<b>DSRAC</b>
4. Visitors		R 28.00	R 30.00
5. Internet/ 30 min (Only relevant to Internet provided by Municipality)		R 20.00	R 20.00
7. Photocopies & Printing			<b>DSRAC</b>
A4 Black		R 1.00	<b>DSRAC</b>
A3 Black		R 2.50	<b>DSRAC</b>
A4 Colour		R 6.00	<b>DSRAC</b>
A3 Colour		R 12.00	<b>DSRAC</b>
8. Membership fees		R 50.00	R 50.00
<b>LIBRARY HALL HIRE FEES</b>			
Hall hire during office hours		R 50.00	R 52.00
After hours (plus caretakers overtime)		R 60.00	R 63.00
Cups & Saucers per 50 persons or part thereof)		R 40.00	R 42.00
Plates		R 35.00	R 37.00
Cleaning		R 130.00	R 137.00
Admin Costs (percentage of total costs)		10%	10%
Use of Kitchen		R 100.00	R 105.00
Urn		R 40.00	R 42.00
Stove		R 60.00	R 63.00

### Building plan and plan printing fees

Building fees to be determined on the minimum value of alterations on existing buildings or the construction of new buildings to be increased, as set out hereunder:  
The proposed Building tariffs is 10%

	2016/17	2017/18	2018/19
Building under tile	R2 888.20	R3 062.13	R3 368.34
Building under iron	R2 725.30	R2 888.82	R3 177.70
Outbuildings	R2 725.30	R2 888.82	R3 177.70
Open buildings (verandas etc.)	R1 554.46	R1 647.73	R1 812.50
Shell buildings	R2 269.80	R2 405.99	R2 646.59
Internal alterations	R990.45	R1 049.88	R1 154.87
Underground tanks	R7 703.52	R8 165.73	R8 982.30
Porta pools	R6 607.45	R7 003.90	R7 704.29
Swimming pools	R7 267.45	R7 703.50	R8 473.85
Carports	R11 472.75	R12 161.12	R13 377.23
Scrutiny fee	R481.47	R510.36	R561.39
(excluding Government Housing Projects)			
Basic charge	R56.43	R59.82	R65.80

Fee: m2 x 0.00275 + basic charge

### Plan printing fees

Paper A2	R23.30	R24.70	R27.17
Paper A1	R28.05	R29.73	R32.70
Paper A0	R44.90	R47.59	R52.35
Paper A3	R3.85	R4.08	R4.49
Paper A4	R1.20	R1.27	R1.40
Posters on lamp poles (temporary)	R400.00	R400.00	R440.00
Occupancy certificate	R-	R-	R350.00
Infrastructure Levy per sewer point for flats	R9608.00	R9608.00	R10568.80
Infrastructure Levy for Business	R980.48	R980.48	R1 078.53
Basic Charge for under 50m2	R437.70	R437.70	R481.47

### Road patching

To replace kerbing – Zone 1	R385.00	R308.10	R338.91
To replace kerbing – Zone 2	R467.00	R495.02	R544.52
Road patching on work done by Telkom, CHDM and Electrical – Zone 1	R506.80	R537.21	R590.93
Road patching on work done by Telkom and Electrical – Zone 2	R583.55	R618.56	R680.42

## **ENOCK MGJIMA MUNICIPALITY**



### **Enoch Mgijima Local Municipality BUDGET APPENDIX B**

**REVIEWED AND ADOPTED POLICIES**

**2018/19**

# ENOCH MGIJIMA LOCAL MUNICIPALITY



ENOCH MGIJIMA  
LOCAL MUNICIPALITY

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**REVIEWED**

**VIREMENT POLICY  
(TRANSFER OF FUNDS)**



## **PREAMBLE**

WHEREAS the Municipal Finance Management Act (MFMA) aims to enable managers to manage, the virement policy makes them more accountable by introducing regular and consistent reporting requirements. The challenge facing all the role-players is to improve the efficiency and effectiveness of the municipality through the best use of management information.

This policy assists management in complying with the MFMA and ensures that financial information is correctly recorded in the financial system.

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## **1. DEFINITIONS**

### **Act**

“ - means the Municipal Finance Management Act (MFMA), 2003 (Act No. 56 of 2003)

### **Accounting Officer (MFMA)**

“- (a) in relation to a municipality, means the municipal official referred to in section 60; or...”

### **Approved Budget (MFMA)**

“ - means an annual budget -

(a) approved by a municipal council; or

(b) approved by a provincial or the national executive following an intervention in terms of section 139 of the Constitution, and includes such an annual budget as revised by an adjustments budget in terms of section 28;”

### **Chief Financial Officer**

“means the officer of the Lukhanji Local Municipality designated by the Municipal manager to be administratively in charge of the budgetary and treasury functions.”

### **Financial year/Budget year**

The 12 month period between 1 July and 30 June.

### **Vote (MFMA)**

(a) one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and which specifies the total amount that is appropriated for the purposes of the department or functional area concerned.”

In the case of the Lukhanji Local Municipality the definition of Vote is defined in terms of National Treasury GFS functions.

### **GFS – Government Finance Statistics.**

In order to facilitate comparisons, GFS functions provide a reasonably high level grouping of related service delivery activities for Local Government.

Refer definitions as prescribed by National Treasury in terms of MFMA Circular no. 12 – Definition of a “vote” in MFMA.

### **M SCOA means Municipal Standard Chart of Accounts**

### **Operating Cost Centres**

is defined as the various expenditure departments that the Local Municipality has been distributed into and against which expenditure is allocated in the financial system.

**Line item**

is defined as various items which reflect the budget/costs of the municipality in terms of its activities

**Virement**

The process of transferring an approved budgetary provision from one operating cost centre to another within a vote during a municipal financial year and which results from changed circumstances from that which prevailed at the time of the approved budget.

**Overspending (MFMA)**

“(a) in relation to the budget of a municipality, means causing the operational or capital expenditure incurred by the municipality during a financial year to exceed the total amount appropriated in that year's budget for its operational or capital expenditure, as the case may be;

(b) in relation to a vote, means causing expenditure under the vote to exceed the amount appropriated for that vote; or

(c) in relation to expenditure under section 26, means causing expenditure under that section to exceed the limits allowed in subsection (5) of that section;”

**Unauthorized expenditure (MFMA)**

“in relation to a municipality, means any expenditure incurred by a municipality otherwise than in accordance with section 15 or 11(3) of the MFMA”

Any other word or expression to which a meaning has been assigned in the Municipal Finance Management Act, Act No 56 of 2003, and the Local Government Municipal Systems Act, Act No. 32 of 2000, unless inconsistent with the context shall, wherever such word or expression appears in the policy, bear the same meaning as that assigned to it in the said legislation.

**2. LEGISLATIVE FRAMEWORK**

- 2.1 Section 81(1)(d) of the Act states inter alia that “The chief financial officer of a municipality -... must advise senior managers and other senior officials in the exercise of powers and duties assigned to them in terms of section 78 or delegated to them in terms of section 79;”

- 2.2 Section 78(1)(b) of the Act states inter alia that “Each senior manager of a municipality and each official of a municipality exercising financial management responsibilities must take all reasonable steps within their respective areas of responsibility to ensure - ... (b) that the financial and other resources of the municipality are utilised effectively, efficiently, economically and transparently;”
- 2.3 National Treasury has issued Municipal Budget and Reporting Regulations in terms of Government Gazette Number 32141 dated 17 April 2009. These regulations set out the manner in which Municipalities are required to report their annual, monthly, mid-year and adjustments Budgets.

The objectives of the budget formats reforms in terms of these regulations are:

- To ensure that the municipal budget and financial reporting formats support the other financial management reforms introduced by the Act;
  - To formalise the norms and standards governing municipal budget and financial reporting formats, so as to improve the credibility, sustainability, transparency, accuracy and reliability of budgets and in-year reports of municipalities.
  - To improve Council’s ability to deliver basic services to all by addressing issues of financial sustainability;
  - To facilitate informed policy choices by Council and medium term planning of service delivery by aligning targets to achieve backlog elimination.
- 2.4 MFMA Circular No 51 (Dms 633560) issued on 19 February 2010 states that each municipality must put in place a Council approved Virement Policy, which should provide clear guidance to managers of when they may shift funds between items, projects, programmes and votes.

### **3. OBJECTIVES OF THIS POLICY**

- 3.1. To allow limited flexibility in the use of budgeted funds to enable management to act on occasions such as disasters, unforeseen expenditure or savings, etc. as they arise to accelerate service delivery in a financially responsible manner.
- 3.2 The Chief Financial Officer has a statutory duty to ensure that adequate policies and procedures are in place to ensure an effective system of financial control. The Municipality’s virement policy and its underlying administrative process within the system of delegations is one of these controls.

- 3.2 It is the responsibility of each Head of Department to which funds are allocated, to plan and conduct assigned operations so as not to expend more funds than budgeted and to ensure that funds are utilised effectively and efficiently.
- 3.3 This policy aims to provide guidelines to management in the use of virement as a mechanism in their day-to-day management of their budgets. In addition it specifically aims to empower Head of Departments with an efficient financial – and budgetary system to ensure optimum service delivery within the current legislative framework of the Act and the municipality's system of delegations.

#### **4. APPLICATION OF THE POLICY**

- 4.1 This policy applies only to transfers between line items within votes of the Municipality's budget.
- 4.2 Section 28(2) (d) read together with section 69 of the MFMA provides that "*An adjustments budget...may authorise the utilisation of projected savings in one vote towards spending in another vote.*" Transfers between votes may therefore be authorised only by the Council of the Municipality.
- 4.3 For ease of reference, the definition of "vote" as contained in Section 1 of the MFMA is set out hereunder:  
"vote means –  
(a) *one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and*  
(b) *which specifies the total amount that is appropriated for the purposes of the department or functional area concerned.*"
- 4.4 Any deviation from or adjustment to an annual budget or transfer within a budget which is not specifically permitted under this policy or any other policy may not be performed unless approved by the Council through an adjustment budget.

#### **5. BUDGET REGULATIONS**

The Act regulates as follows regarding the incurring of expenditure against budgetary provisions.

- 5.1 Section 15 of the Act – Appropriation of funds for expenditure

"A municipality may, except where otherwise provided in this Act, incur expenditure only -

- (a) in terms of an approved budget; and
- (b) within the limits of the amounts appropriated for the different votes in an approved budget.”

## 5.2 Section 28 of the Act – Municipal Adjustments Budget

“A municipality may, revise an approved annual budget through an adjustments budget.

## 5.3 Unauthorised Expenditure

As defined and includes -

- (a) overspending of the total amount appropriated in the municipality's approved budget;
- (b) overspending of the total amount appropriated for a vote in the approved budget;
- (c) expenditure from a vote unrelated to the department or functional area covered by the vote;
- (d) expenditure of money appropriated for a specific purpose, otherwise than for a specific purpose;
- (e) spending of an allocation referred to in paragraph (b), (c) or (d) of the definition of "allocation" otherwise than in accordance with any conditions of the allocation; or
- (f) a grant by the municipality otherwise than in accordance with this Act;”

## 5.4 Section 71 (1)(g)(iii) states inter alia “(1) The accounting officer of a municipality must by no later than 10 working days after the end of each month submit to the mayor of the municipality and the relevant provincial treasury a statement in the prescribed format on the state of the municipality's budget reflecting the following particulars for that month and for the financial year up to the end of that month:...(g) when necessary, an explanation of- ...(iii) any remedial or corrective steps taken or to be taken to ensure that projected revenue and expenditure remain within the municipality's approved budget....”

## 5.5 Section 72 (3)(a) states inter alia “The accounting officer of a municipality must assess the performance during the first half of the financial year, taking into account:...(3)(a) make recommendations as to whether an adjustments budget is necessary and (b) recommend revised projections for revenue and expenditure ...”

- 5.6 MFMA Circular No 51 guides Municipalities on what principles should be incorporated into the municipal virement policies:
- 5.6.1 Virements should not be permitted in relation to the revenue side of the budget;
  - 5.6.2 Virements between votes should be permitted where the proposed shifts in funding facilitate sound risk and financial management (e.g. the management of central insurance funds and insurance claims from separate votes);
  - 5.6.3 Virements from the capital budget to the operating budget should not be permitted;
  - 5.6.4 Virements towards personnel expenditure should not be permitted;
  - 5.6.5 Virements to or from the following items should not be permitted: bulk purchases; debt impairment, interest charges; depreciation, grants to individuals, revenue foregone, insurance and VAT;
  - 5.6.6 Virements should not result in adding 'new' projects to the Capital Budget;
  - 5.6.7 Virements of conditional grant funds to purposes outside of that specified in the relevant conditional grant framework must not be permitted; and There should be prudent limits on the amount of funds that may be moved to and from votes and sub-votes, and in the event that this limit is exceeded Council approval be obtained prior to virement.

## **6. VIREMENT PROCESS**

- 6.1 The virement process represents the major mechanism to align and take corrective (financial / budgetary) action within a vote during a financial year.
- 6.2 In order for a "vote" to transfer funds from one cost centre to another cost centre, a saving has to be identified within the monetary limitations of the approved "giving" cost centre or capital project allocations on the respective budgets.
- 6.3 Sufficient, (non-committed) budgetary provision should be available within the "giving" vote's cost centre concerned to give effect to the budgetary transfer (virement). In addition, the transferring function must clearly indicate to which cost centre or capital project the budget provision will be transferred to and provide a clear motivation for the transfer.
- 6.4 Any budgetary amendment of which the net impact will be a change to the total approved annual budget allocation and any other amendments not covered in this policy are to be considered for budgetary adoption via an adjustments budget as set out in terms of Act Section 28 and the Municipal Budget and Reporting Regulations.



- 6.5 In terms of Section 17 of the Act a municipality's budget is divided into an operating and capital budget and consequently no Virements are permitted between Operating and Capital Budgets.
- 6.6 Virements are not permissible across, or between, votes unless adopted via an Adjustment budgets as set out in terms of Act Section 28 and the Municipal Budget and Reporting Regulations.
- 6.7 Virements across votes will only be allowed at year-end at the discretion of the Chief Financial Officer in order to ensure accurate reporting in financial statements.
- 6.8 Virements are not allowed to utilise special purpose budgetary allocations, adopted by Council as such and to which specific Council recommendations apply (e.g. budget strategy for growth in repairs and maintenance provisions) and which result from specific resolutions adopted when adopting the budget, as virement sources.
- 6.9 Sound motivations should be provided for all virements.

**6.10 Specific virement limitations:**

- 6.10.1 To the extent that it is practical to do so, transfers within the first three months and the last month of the financial year should be avoided.
- 6.10.2 No virements are permitted to and from Grants and Subsidies Paid, except if supported by Council decision for such transfer and as per the approved Grants-in-Aid Policy.
- 6.10.3 Virements towards personnel expenditure including Councillors remuneration is not be permitted unless adopted via an Adjustment Budget.
- 6.10.4 No virements are permitted to and from the following expenditure items:
- ☐ Bulk Purchases
  - ☐ Debt Impairment
  - ☐ Interest Charges and Depreciation
  - ☐ Employee Related costs
  - ☐ Indigent Relief and Revenue Forgone
  - ☐ Insurance
  - ☐ Departmental Charges
- 6.10.5 No virements are permitted to the following expenditure item:
- ☐ Entertainment

- 6.11. No virements will be approved on any Revenue element. Revenue provisions' amendments are to be adopted via an adjustments budget.
- 6.12 As Council approves a detailed Capital Budget by individual project virement are permitted between capital projects.
- 6.13 No virements of which the affect will be to add "new" projects onto the Capital Budget, will be allowed unless Council approval is obtained via adjustment budget.
- 6.14 Virements may not cause an increase to individual projects' total project cost unless Council approval is obtained.
- 6.15 Virements must be between projects of similar funding sources.
- 6.16 Implementation of the project from which funds are viremented may not be prejudiced (i.e. must not hinder completion of the project).
- 6.17 Motivations for virements should clearly state the reason for the saving within the "giving" project, as well as the reason for the additional amount required.
- 7.1 A transaction in m SCOA relates to six regulated segments, therefore all segments must be considered when making a virement. All votes are aligned to the function segment and indicate the funding applicable to the item being transferred in relation to the funding segment.
- 7.2 With the implication of the m SCOA, virements can only take place within a function or sub – function and the same source of funding. The creation of new projects or savings across functions can only take place through an adjustment budget.
- 7.3 Virements cannot be allowed from the repairs and maintenance projects in the project segment.

## **8.0 ACCOUNTABILITY**

- 1. Approval of virement lies with the Chief Financial Officer or such other senior delegated officials in Financial Services Department.

## **9. COMPLIANCE AND ENFORCEMENT**

- a) Violation of or non-compliance with this policy will give a just cause of disciplinary steps to be taken.
- b) It will be the responsibility of the Municipal Manager to enforce compliance with this

policy.

#### **10. EFFECTIVE DATE**

The policy shall come to effect upon approval by Council.

#### **11. POLICY ADOPTION**

This policy has been considered and approved by the COUNCIL OF LUKHANJI LOCAL MUNICIPALITY as follows:

Resolution No:

Approval Date:

Municipal Manager

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## **ENOCK MGIJIMA LOCAL MUNICIPALITY**



## **REVIEWED ASSET MANAGEMENT POLICY**

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## DEFINITIONS

**Asset Categories:** Means asset categories defined by GRAP 17.

**Infrastructure assets:** Are defined as any asset that is part of a network of similar assets. It is specialised in nature and does not have an alternative use. It is immovable and may be subject to constraints on disposal.

**Heritage assets:** Grap 103 defines heritage assets as assets which have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

**Community assets:** Are defined as any asset that contributes to the community's wellbeing, eg. parks, libraries and fire stations

**Investment assets:** Are defined as properties (land or buildings) that are acquired for economic and capital gains. Examples are office parks and undeveloped land acquired for the purpose of resale in future years

**Intangible assets:** Are defined as identifiable non-monetary assets without physical substance

**Other assets:** Are defined as assets utilised in normal operation, eg. plant and equipment, motor vehicles and furniture and fittings

**Capitalisation:** Is the recognition of expenditure as an Asset or Inventory item in the Asset Register

**Carrying amount:** Is the amount at which an asset is included in the Statement of Financial Position after deducting any accumulated depreciation thereon

**CFO:** Chief Financial Officer

**Cost** Is the amount of cash or cash equivalent paid or the fair value of the consideration given to acquire an asset at the time of its acquisition or construction plus costs incidental to the acquisition or acquirement. Also known as historical cost/value

**Cost of acquisition:** Are all the costs incurred in bringing an item of plant, property or equipment to the required condition and location for its intended use

**Deemed cost:** is a surrogate value for the cost or fair value of an asset at its initial acquisition, and is determined by reference to the fair value of the asset at the date of adopting the Standards of GRAP measurement date).

**Deferred maintenance :** Is the extent of preventative maintenance that has not been performed

**Depreciation:** Is the systematic allocation of the depreciable amount of an asset over its useful life

**Depreciable amount:** Is the cost of an asset, or the other amount of an asset, or other amount substituted for cost in the financial statements, less its residual value

**Fair value:** Is the amount for which an asset could be exchanged between knowledgeable willing parties in an 'arms length' transaction

**Fixed asset register:** Is the controlled register recording the financial and other key details for municipal assets recognized in accordance with this policy

**Finance Lease:** A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset. Title may or may not eventually be transferred. An operating lease is a lease other than a finance lease

**GRAP:** Generally Recognised Accounting Practice

**IAS** International Accounting Standards

**Impairment:** is a a loss in the future economic benefit or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation

**PPE** - Property, plant and equipment    Are tangible assets that (a) Are held by a municipality for use in the production of goods and services, for rental to others, for administrative purposes; and

(b) are expected to be used more than one reporting period

**Recognition :** the cost of an item of PPE shall be recognized as an asset only if:

(a) It is probable that future economic benefits or service potential associated with the item will flow to the entity; and    The cost or fair value of the item can be measured reliably

**Recoverable amount:** Is the amount that the municipality expects to recover from the future use of an asset, including its residual value on disposal

**Replacement value:** Is the amount which is needed in current terms to replace an asset

**Residual value** Is the net amount that the municipality expects to obtain for an asset at the end of its useful life after deducting the expected costs of disposal

**Stewardship:** Is the act of taking care of and managing property, plant or equipment on behalf of others

**Useful life a)** The estimated period of time over which the future economic benefits or future service potential embodied in an asset are expected to be consumed by the municipality, or b) The estimated total service potential expressed in terms of production or similar units that is expected to be obtained from the asset by the municipality



## LEGISLATIVE FRAMEWORK

The statutory framework for this policy is:

- a) The Constitution of the Republic of South Africa, 1996
- b) Municipal Systems Act, 2000
- c) Municipal Finance Management Act, 2003.
- d) The Constitution's prime mandate for Local Government is that services are provided in a sustainable manner. (Section 152)
- e) The MSA in sections 4(2)(d) states that a municipality has the duty to -
- f) strive to ensure that municipal services are provided to the local community in a financially and environmentally sustainable manner

Local Government Capital Asset Management Guideline (LGCAMG). Some of the following directives applicable to this policy are as follows:

- a) GRAP 11 on Construction Contracts.
- b) GRAP 12 on Inventories
- c) GRAP 13 on Leases
- d) GRAP 16 on Investment Properties
- e) GRAP 17 on Property, Plant & Equipment (PPE)
- f) GRAP 21 on Impairment of Non-cash-generating Assets
- g) GRAP 26 on Impairment of cash-generating Assets
- h) GRAP 27 on Agriculture
- i) GRAP 31 Intangible assets
- j) GRAP 103 Heritage assets

## **1. PREAMBLE**

A Asset Management Policy is essential to ensure effective and efficient acquisition and utilization of public monies and accountability thereof is heavily dependent upon accurate recording and accounting. The purpose of the Asset Management Policy is to ensure that assets owned by Enoch Mgijima Municipality are managed, controlled, safeguarded and used in an efficient and effective manner. Asset Management Policy is essential to ensure effective and efficient acquisition and utilization of public monies and accountability thereof is heavily dependent upon accurate recording and accounting. This policy is necessary to facilitate the effective management, control and maintenance of the assets of the Municipality. The objectives of the Asset Management Policy are to ensure that the assets of the Municipality are properly managed and accounted for.

## **2. PURPOSE**

The purpose of the Asset Management Policy is to ensure that assets owned by Enoch Mgijima Municipality are managed, controlled, safeguarded and used in an efficient and effective manner.

## **3. SCOPE OF APPLICABILITY**

This policy applies to all employees of the Enoch Mgijima Municipality and any person employed by the municipality in a temporary or contractual capacity.

## **4. POLICY OBJECTIVES**

The objective of this policy is to:

- a) To ensure the effective and efficient control, utilization, safeguarding and management of the Enoch Mgijima property, plant and equipment are achieved.
- b) To ensure that the Functional Heads are aware of their roles and responsibilities regarding property, plant and equipment.
- c) To set out the standards of physical asset management, recording and internal controls to ensure property, plant and equipment are safeguarded against loss and/or inappropriate utilisation.
- d) To specify the processes required for acquisition, transfer and disposal of assets.

## **5. Asset Management Strategy**

The goal of asset management is to achieve the required level of service in the most cost effective manner, which is achieved through management of the asset's life cycle.

To be effective, asset management in municipalities should include the following:

- a) Service level needs, identified in the IDP process, drive asset management practices and decision-making;
- b) Asset management plans that are an integral part of the municipal planning process;
- c) Asset acquisition decisions that are based upon the evaluation of alternatives, including demand management and non-asset solutions;
- d) Asset acquisition proposals that include a full business case, including costs, benefits and risks across each phase of an asset's life cycle;
- e) Defined responsibility and accountability for performance, safe custody and use.
- f) Disposal decisions based upon an analysis of disposal options, designed to achieve the best possible return for the municipality and made in accordance with the provisions of the MFMA;
- g) Sound risk-based internal controls supporting all asset management practices.

### **5.1. Key Strategy Principles**

Effective asset management will:

- a) Maximise the service potential of existing assets by ensuring that they are appropriately used; maintained, safeguarded and that risks are mitigated;
- b) Optimise the life cycle costs of owning and using these assets by seeking cost-effective options throughout an asset's life cycle;
- c) Reduce the demand for new assets through optimal use of existing assets and management of demand through the use of non-asset service delivery options; and
- d) Establish clear lines of accountability and responsibility for performance.

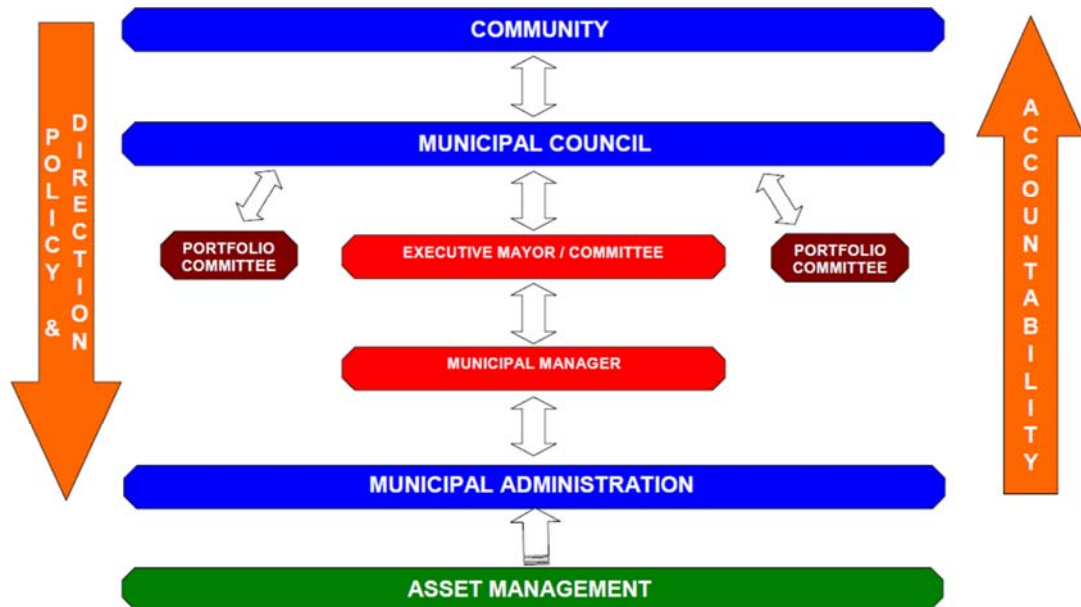
Enoch Mgijima is working towards adopting a fully integrated approach to asset management:

- a) Taking the municipal strategy, converting that into an asset management strategy and producing plans based upon an analysis of service delivery options;
- b) Formulating an asset management strategy consisting of detailed plans for acquisitions and replacements, operation and maintenance as well as disposals in terms of the municipality's policies;

- c) Informing the IDP (and revised IDP) and then the annual budget, using the detailed plans;
- d) Funding each approved asset management plan appropriately through the budget;
- e) including in the Service Delivery and Budget Implementation Plan (SDBIP) the measurable objectives and targets of each asset management plan;
- f) Reporting on the performance of assets as measured in terms of service delivery based upon an approved SDBIP, budget and IDP.

## 6. Roles & Responsibilities

Enoch Mgijima has a clear and up-to-date system of delegations and accountability within the administration, and between the administration and municipal council. The council is ultimately accountable to the wider community. The municipality has clear monitoring and reporting lines between asset managers, senior managers, municipal manager, executive mayor and municipal council.



**6.1. The Council must:**

- a) Approve the temporary and/or permanent transfer of all moveable assets exceeding approved limits, as stipulated in the “Powers of Delegation” of the municipality and
- b) Approve the writing-off, disposal of obsolete or redundant assets.

**6.2. Role of the Municipal Manager (MM)**

- a) The Municipal Manager shall ensure that the Municipality maintains an asset identification system, which shall be operated in conjunction with its computerized assets register.
- b) The identification system shall be determined by the Municipal Manager, acting in consultation with the CFO and other Heads of Departments, and shall comply with any legal prescriptions, as well as any recommendations of the Auditor General as indicated in the Enoch Mgijima Municipality’s audit report(s), and shall be decided upon within the context of the Enoch Mgijima Municipality’s budgetary and human resources.
- c) Every Functional Head shall ensure that the asset identification system approved for the Enoch Mgijima is meticulously applied in respect of all assets controlled or used by the Department in question.

As the accounting officer of the Municipality (section 63 of the MFMA), the Municipal Manager shall be the principal custodian of all the Municipality’s assets, and shall be responsible for ensuring that the asset management policy is meticulously applied and adhered to.

The Municipal Manager must ensure that:

- a) the municipality has and maintains a management, accounting and information system that accounts for the assets of the municipality;
- b) the municipality’s assets are valued in accordance with standards of generally recognised accounting practice;
- c) the municipality has and maintains a system of internal control of assets, including an asset register; and
- d) Senior managers and their teams comply with this policy and that this asset management policy is reviewed annually. The municipality has and maintains a management, accounting and information system that accounts for the assets of the municipality;

- e) The municipality's assets are valued in accordance with standards of generally recognized accounting practice;
- f) The municipality has and maintains a system of internal control of assets, including an asset register; and
- g) The senior managers and their teams comply with this policy.

In consultation with the asset managers, he approves the temporary or permanent transfer of a movable asset between departments as determined in the "Delegation of Authority to officials of the Enoch Mgijima Municipality".

### **6.3. Role of the Chief Financial Officer (CFO)**

The CFO is responsible to the municipal manager for ensuring that the financial investment in the municipality's assets is safeguarded and maintained.

The CFO must ensure that:

- a) Appropriate systems of financial management and internal control are established and carried out diligently;
- b) The financial and other resources of the Municipality are utilized effectively, efficiently, economically and transparently;
- c) Any unauthorized, irregular or fruitless or wasteful expenditure, and losses resulting from criminal or negligent conduct, are prevented;
- d) The systems, processes and registers required to substantiate the financial values of the municipalities' assets are maintained to standards sufficient to satisfy the requirements of the Treasury and the Auditor General;
- e) Financial processes are established and maintained to ensure the Municipality's financial resources are optimally utilized through appropriate asset plan, budgeting, purchasing, maintenance and disposal decisions;
- f) The Municipal Manager is appropriately advised on the exercise of powers and duties pertaining to the financial administration of assets;
- g) The senior managers and senior management teams are appropriately advised on the exercise of their powers and duties pertaining to the financial administration of assets;
- h) The CFO may delegate or otherwise assign responsibility for performing these functions but will remain accountable for ensuring that these activities are performed.

### **6.4. Asset Management Section (AMS)**

This section consists of officials that operate at corporate level and some deployed within the finance and asset management section. The officials in this section are not accountable for physical assets dedicated to the Functional Head's or Asset Users.

Some critical duties of AMS include the following tasks:

- a) Maintain the asset register by recording all asset acquisitions purchased by ENOCH MGIJIMA MUNICIPALITY.
- b) Maintain asset the audit evidence for items recorded on the asset register.
- c) Perform asset verification, annually for movable assets and over three years for immovable assets.
- d) Conduct, manage and facilitate an asset disposal process annually.
- e) Facilitate and manage the transfer of ENOCH MGIJIMA MUNICIPALITY's assets; internally between the various units (sections) and end-users, as well as between external government bodies
- f) Facilitate and manage auctioning of ENOCH MGIJIMA MUNICIPALITY's assets, and/or asset donations etc.
- g) Capture and maintain accurate records and asset information on ENOCH MGIJIMA MUNICIPALITY's financial management system.
- h) Maintain and adhere to the internal controls enforced by the CFO and senior management
- i) Maintain and adhere to the statutes stipulated by National Treasury in terms of best practise asset management accounting

#### **6.5. Heads of Departments (Functional Heads)**

Functional Heads must ensure that:

- a) The appropriate internal controls (including asset internal control processes) are established and carried out for assets in their area of responsibility.
- b) The municipal assets assigned to them are utilized effectively, efficiently, economically and transparently.
- c) Any unauthorized, irregular, fruitless or wasteful utilization, and losses resulting from criminal or negligent conduct, is prevented.
- d) The management controls that they implement and enforce can provide an accurate, reliable and up-to date account of assets under their control.
- e) They are able to justify that their asset plans, budgets, purchasing, maintenance and disposal decisions optimally in order achieve the Municipality's strategic objectives.
- f) They nominate officials to support the Asset Management Unit to perform physical verification, stocktaking of assets.

The Functional Head may nominate officials who shall safeguard the assets on their behalf, but they shall remain accountable for ensuring that these activities are performed.

Every Functional Head is, in terms of the employment contract, directly responsible for the physical safekeeping of any asset controlled or used by the Department in question.

In exercising this responsibility, every Functional Head shall adhere to all written directives issued by the Municipal Manager to the Department in question, or generally to all

Departments, regard the control of or safekeeping of the ENOCH MGIJIMA MUNICIPALITY's assets.

Every Functional Head shall ensure that any incident of loss, theft, destruction, or material impairment of any asset controlled or used by the Department in question is promptly reported in writing to the CFO, to the internal auditor and in cases of suspected theft or malicious damage, also to the South African Police Service.

#### **6.6. Asset Control Committee (ACC)**

- a) Finance Committee will serve as Asset Control Committee (ACC) which will be responsible only in an advisory capacity to assist the Asset Management Section with the formulation of policy, procedures and updating of the Asset Management Policy and Procedures Manual.
- b) The committee meets quarterly, and as and when necessary.
- c) Functional Heads must forward details of asset/s loss/es or damage/s to the Asset Control Committees for further investigation.

#### **6.7. Asset Users**

Listed below are the responsibilities of all ENOCH MGIJIMA MUNICIPALITY's officials utilising or entrusted with assets:

- a) Each user is responsible for the assets under their control, allocated to/used by them in the performance of their duties.
- b) Each user must sign an asset inventory list (movable assets list) containing the barcoded assets allocated to them. These lists must be visibly displayed for audit purposes, preferable at the back of the doors. The Asset Management Unit must keep copies of the movable assets lists.
- c) Asset users are prohibited to move/transfer assets from the location recorded in the asset register without proper authorisation from the Asset Management Unit.
- d) Each user must take all reasonable precautions to protect their assets against losses and/or damage.



- e) Each user must maintain or take steps to maintain their assets for their useful life. Users must check and verify their physical assets against their assets lists regularly and ensure that changes in physical assets in their possession are updated in their assets lists.
- f) Any damage to the asset items must be immediately reported to superiors as well as to Asset Management Unit who will advise on the appropriate steps to be taken in relevant incidents.
- g) The assets users must avail assets under their control at any time, at the request of the ENOCH MGIJIMA MUNICIPALITY or the Asset Management Section or External Audit or Internal Audit Section for verification purposes.
- h) In the event of such assets being missing stolen or lost, the responsible user shall accordingly report the incident to the SAPS. The reported case information will be the source document used to report missing/stolen/lost assets to their superiors, as well as to their responsible Asset Controllers who will take further appropriate action in the relevant incidents.
- i) Should it be found that users were not properly utilizing/maintaining/securing assets under their control/stewardship leading to asset/s damages/losses such users' Functional Head must recover the replacement costs of such assets from relevant users.
- j) On resignation, the user must complete the Exit Clearance form have it signed by all the parties concerned (Functional Head, Asset Management Unit etc.), to ensure that all assets have been handed back to ENOCH MGIJIMA MUNICIPALITY, in working condition.
- k) The purpose of this section is to prescribe the responsibilities of the various functionaries within ENOCH MGIJIMA MUNICIPALITY,

## 6.8 ASSET MANAGERS / DIRECTORS

- a) The manager referred to in Section 56 of the municipal systems act being someone reporting directly to the Municipal Manager and has the functional

accountabilities for the physical management of a particular set of assets in order to achieve the municipalities strategic objectives relevant to their directorate.

b) Directors shall be directly responsible for the physical safeguarding of any fixed asset controlled or used by the directorate in question. In exercising this responsibility, directors shall adhere to the stipulations of this policy as well as any other written directives issued by the municipal manager to the directorate in question, or generally to all directorates, in regard to the control of or safeguarding of the municipality's fixed assets.

Asset managers should:

i. ensure that employees in their departments adhere to the approved Asset Management Policy;

ii. ensure that all assets are procured in terms of the SCM Policy;

iii. ensure that council are properly informed about any contributed(donated) assets and that approval from council is obtained timeously

iv. ensure that the contributed asset is recorded on the NARC form and communicated with the Asset Management Department.

v. ensure that employees with delegated authority have been nominated to implement and maintain physical control over assets in their departments. Although authority has been delegated, responsibility remains with the respective Directors of the departments and overall accountability with the Executive Directors of relevant directorates;

vi. ensure that the termination of service asset verification form for staff, is duly completed and submitted to the Human Resource Management Directorate;

vii. ensure that assets are properly maintained in accordance with their respective asset maintenance policy;

viii. ensure that, where applicable, all their movable assets as reflected on the Fixed Asset Register are barcoded to exercise control;

ix. ensure that the Asset Control Department is notified via the AT form within 10 working days of any changes in the status of assets under the department's control;

x. ensure that transfers between departments within directorates are administered internally;

xi. ensure that a complete asset verification of all inventory and asset items is performed annually;

- xii. ensure that all obsolete, damaged and unused assets, supported by relevant asset and condemnation forms, are handed in at the Asset Management Department without delay;
- xiii. be responsible for maintaining and managing their own DIR;
- xiv. ensure that all assets are safeguarded against loss/theft and that they are adequately insured; and
- xv. ensure that location changes are made timeously and location/room information are updated and reported on the relevant form to the Asset Control Department regularly.

## 6.9 Asset Champions

Asset Champions are senior officials appointed by the Asset Manager in the different Departments or Sections within the Asset Management Directorate.

The Asset Champion must:

- i. Assist the Asset Manager in performing his/her functions and duties.
- ii. Ensure that all new assets (purchased or donated) are recorded on the NARC form.
- iii. Ensure that the NARC forms are completed in full and send with copies of the relevant documentation to the asset control department within 7 working days after receipt of the assets.
- iv. Ensures that all their movable assets, where applicable, are barcoded.
- v. Ensure that asset listings are verified and kept up to date in collaboration with the Finance Department.
- vi. Assist the Finance Department with the annual verification of movable assets by making sure that the assets, as per asset listing, are at the correct locations, that these locations are accessible when the verification of assets takes place and provides a full report on any missing assets to the Asset Manager.
- vii. Notify the Finance Department when he/she identifies obsolete and redundant assets so that these assets can be moved to the Write-off Store.
- viii. Report all changes affecting asset listing sheets to the Director: Finance and the Finance Department: Asset Management Division within 7 days of occurrence.

The following require the written recommendation of the Asset Manager and approval of Municipal Manager on the prescribed form:

- a) The temporary or permanent transfer of all movable assets between departments.
- b) The writing off or disposal of obsolete or redundant assets.

#### 6.10 Finance Department: Asset Management Division

- i. Is the asset registrar of the municipality and shall ensure that a complete, accurate and up to date asset register is maintained that conforms to the GRAP specifications.
- ii. Ensures that physical asset verification is performed annually by all departments to verify the assets on the asset register. The assets that are not verified must be tabled to council for writ off in asset register.
- iii. Will perform reconciliations between the asset register and the General Ledger on a monthly basis.
- iv. Ensures adequate bar codes and equipment to exercise the function relating to asset control is available at all times.
- v. Will ensure that all audit queries are resolved in a timely manner.
- vi. Dispose of asset in accordance with the SCM policy
- vii. Handles the administrative functions with regards to the transfers received.

##### 6.10.1 The responsibility of the Budget and Treasury

- i. Ensure that a clear description is provided with each project and the appropriate funding source is identified.
- ii. Release capital funds only after receiving written authority and a clear and concise description of the item to be purchased.
- iii. Ensure that any changes in the capital budget, with regards to funds transferred or project description changes are communicated to the Asset Management Division.

##### 6.10.2 The Human Resources Management Department.

The Human Resources Management Department shall ensure that no monies are paid out to the staff on termination of their service prior to receiving the relevant asset resignation form signed off by the relevant directorate- refer to Termination of Service Asset Confirmation form.

## 7.Asset Life-Cycle

- a) A clear understanding of asset life-cycle costs is crucial for the development of cost-effective asset management plans and options. Knowledge of these asset life-cycle costs is also a legislative requirement
- b) The analysis of life-cycle costs should cover the four broad phases, thus covering the entire life of the asset, including any environmental rehabilitation at the end of its life.
- c) This analysis will be based upon estimates and include all cash flows such as operation, maintenance, administration, capital, and financing costs. The budget should have a split between capital and operational costs including depreciation.

### These are typical asset life-cycle costs:

- a) Planning-phase costs. These costs include items such as concept design costs, scientific studies, environmental impact studies and feasibility studies. These costs are usually incurred when weighing up the different options, before deciding on the best option, and are excluded from the cost of an asset.
- b) Acquisition-phase costs & revenues. An example of these are; special levies, purchase price / construction costs (labour, materials, and components), detailed design costs (not feasibility analysis), transportation costs, installation and commissioning cost, use of own assets in construction (limited to depreciation over duration of use), freight, legal fees, warehousing costs, initial consumables (e.g. initial set of tyres for a vehicle) and all other costs required to bring that asset to its proper working condition and location for intended use (excluding training on use of the new asset, should this be required).
- c) Operation and maintenance-phase costs:
  - i. **Operation** - fuel or energy costs, operational labour, security costs, safety costs, training costs, performance monitoring costs, cleaning costs and consumables.
  - ii. **Maintenance** - spare parts and repair labour.
  - iii. **Administration (asset specific)** - insurance, rates and taxes, management fees, etc.
  - iv. **Rehabilitation and renewal** - upgrade costs, modification costs if this improves asset life (capital), re-training costs (current), etc.

- v. **Asset-related receipts** – tariffs, rates and equitable share (only to the extent that it relates to this asset acquisition).

d) Disposal-phase costs:

An example of disposal costs (like auctioneer fees, etc.) would be; storage costs, environmental rehabilitation costs, decommissioning costs, demolition costs and etc.

Also, before approving a capital project in terms of subsection (1)(b), the council of a municipality must consider:

- a) the projected cost covering all financial years until the project is operational; and
- b) the future operational costs and revenue on the project, including municipal tax and tariff implications.
- c) (d) tariffs must reflect the costs reasonably associated with rendering the service, including capital, operating, maintenance, administration and replacement costs,
- d) and interest charges;
- e) tariffs must be set at levels that facilitate the financial sustainability of the service, taking into account subsidisation from sources other than the service concerned; the extent of subsidisation of tariffs for poor households and other categories of users should be fully disclosed.

Asset Life-Cycle is the cycle of activities that an asset goes through – including planning, design, initial acquisition and/or construction, cycles of operation and maintenance and capital renewal, and finally disposal.

This policy will address the process ENOCH MGIJIMA MUNICIPALITY has adopted for all phases within the asset life cycle.

### **7.1.1 Planning**

The identification of assets needs and financing options, where the requirement for a new/replacement asset is planned for and established, must be done at the planning stage.

### **7.1.2 Financial Planning**

Property, Plant and Equipment financial planning and decision making must be informed by the Integrated Development Plan (IDP) and strategic business initiatives in line with prevailing economic conditions and the Municipality's financial affordability.

### 7.1.3 Pre -Acquisition Planning

Before a capital project is included in the budget for approval, the Functional Head must demonstrate that they have considered:

- a) The projected cost over all the financial years including initial setup costs;
- b) The future operational costs and revenue on the project, including tax and tariff
- c) implications;
- d) The financial sustainability of the project over its life including revenue generation and subsidisation requirements;
- e) The physical and financial stewardship of that asset through all stages in its life including acquisition, installation, maintenance, operations, disposal and
- f) rehabilitation;
- g) The inclusion of this capital project in the IDP and future budgets: and
- h) Alternatives to this capital purchase.

### 7.1.4 Approval to Acquire Property Plant and Equipment

This can only be approved on a capital asset/project if:

- a) The funds for the project have been appropriated in the capital budget,
- b) The project, including the total cost, has been approved by the ENOCH MGIIJIMA MUNICIPALITY Council,
- c) The CFO confirms that funding is available for that specific project. (Any contract that will impose financial obligations beyond two years after the budget year must be appropriately disclosed)

### 7.1.5 Capital Projects Funding Planning

Within the Municipality's on-going financial, legislative or administrative capacity, the CFO will establish and maintain the funding strategies that optimize the Municipality's ability to achieve its strategic objectives as stated in the IDP.

The acquisition of assets shall not be funded over a period longer than the useful life of that asset.

### 7.1.6 Replacement Planning

- a) Property, Plant and Equipment are to be replaced when:
  - i. They have reached the end of their useful or economic life (i.e. when the asset is fully depreciated); and the cost of maintaining such asset outweighs the economic benefit,
  - ii. they have been lost, stolen, damaged beyond repair; or

- iii. they have been determined as obsolete, provided there is a continuing need for the services provided by such an asset.
- b) The future usefulness of an asset should be assessed continuously especially when the asset is fully depreciated. If it is found that there is no evidence of any continuing need, the asset should not be replaced, and if it still in good working condition; the asset could be transferred to where the need for such asset can still be identified. (AMS has a facility to publish on the intranet movable assets that are still in good condition on behalf of Departments) The selling of such assets should result as quickly as possible if there is no longer a need for such an asset.
- c) The asset will only be replaced if:
  - i. It has reached the end of its economic life,
  - ii. It was lost, stolen or non-repairable,
  - iii. It has become unserviceable,
  - iv. It is not economical to continue using the asset when a replacement would ultimately bring economic saving benefit,
  - v. It has been superseded by a later or more technologically superior model and;
  - vi. There is a continuing need for the service provided by the asset in question or economic benefit.

## ***7.2 Acquisition of property, plant and equipment***

The Property, Plant and Equipment acquisition phase take effect through outright purchase or development/construction. Such Property, Plant and Equipment acquisitions must only be funded out of capital budget votes in line with IDP and not through the operational budget.

### **7.2.1 Physical Receipting and Management**

The Functional Head or his/her nominee must:

- a) Ensure that the purchase of property, plant of equipment complies with all ENOCH MGIIJIMA MUNICIPALITY's policies and procedures.
- b) Ensure all movable assets received into their stewardship are appropriately identified and safeguarded or prevented from inappropriate usage or loss. This will include appropriate control over the physical access to these assets and regular stock takes to ensure any losses do not occur. Any known losses should be immediately reported to the CFO.

### **7.2.2 The date of acquisition**

The date of acquisition of property, plant and equipment is deemed to be the time when risk and rewards passes to the Municipality.



### 7.2.3 Donations

The CFO must be informed about any donation to ENOCH MGIJIMA MUNICIPALITY and form "Asset 001" must be submitted to the AMS. Where an item of property plant and equipment is acquired at no cost, or for a nominal cost, it will be initially measured at its fair value as at the date of acquisition and included in the assets register if the fair value is greater than the recognition threshold. Where the value of the asset is known, such value shall be included in the register in line with recognition criteria. It shall be the responsibility of the Functional Head or his/her nominee to notify the CFO and AMU of such assets for capitalisation purposes.

The Municipal Manager or his/her delegated official shall authorize all capital assets donated through inter ENOCH MGIJIMA MUNICIPALITY Council donations, or public, individuals, private enterprises, Provincial or National Government, to the Municipality, prior to capitalization.

### **7.3 Maintenance of property, plant and equipment**

Accountability for the operation and maintenance of all assets is delegated from the municipal manager, through the senior managers, to the asset manager. The asset manager is accountable for ensuring that municipal resources assigned to him/her are utilised effectively, efficiently, economically and transparently. This would include:

- a) complying with systems of management and internal controls established by the municipality;
- b) preventing inappropriate losses;
- c) appropriately managing, safeguarding and maintaining assigned assets; and
- d) providing all asset-related information as and when required.

The asset manager will delegate custodianship of assets to specific users.

The custodians will be required to perform functions assigned to the asset manager in respect of their specific assets.

#### 7.3.1 Maintenance Plans

Every Functional Head shall ensure that a maintenance plan in respect of every new infrastructure asset with a value of R100 000 (one hundred thousand rand) or more is promptly prepared and submitted to the Municipal Manager for approval. The maintenance plans contemplated in these are subject to budgetary provision in terms of the normal budget process.

If so directed by the Municipal Manager, the maintenance plan shall be submitted to the ENOCH MGJIMA MUNICIPALITY Council prior to any approval being granted for the acquisition or construction of the infrastructure asset concerned.

The Functional Head controlling or using the infrastructure asset in question, shall annually report to the Municipal Manager of the ENOCH MGJIMA MUNICIPALITY, not later than in July, of the extent to which the relevant maintenance plan has been complied with.

### 7.3.2 Deferred Maintenance

If there is material variation between the actual maintenance expenses incurred and the expenses reasonably envisaged in the approved maintenance plan for any infrastructure asset, the CFO shall disclose the extent of and possible implications of such deferred maintenance in an appropriate note to the financial statements.

Such note shall also indicate any plans, which the authoritative body of the ENOCH MGJIMA MUNICIPALITY has approved in order to redress such deferral of the maintenance requirements concerned.

If no such plans have been formulated or are likely to be implemented, the CFO shall re-determine the useful operating life of the asset in question if necessary, in consultation with the Functional Head controlling or using such asset, and shall recalculate the annual depreciation expenses accordingly.

### 7.3.3 General Maintenance of Assets

Every Functional Head shall be directly responsible for ensuring that all assets are properly maintained and in a manner, which will ensure that such assets attain their useful operating lives.

## ***7.4 Disposal phase of property plant and equipment***

The MFMA (section 14 & 90) and the Municipal Supply Chain Management Regulations have specific requirements regarding the disposal of assets. Specifically:

- a) Enoch Mgijima Municipality will permanently dispose of a capital asset needed to provide the minimum level of basic municipal services.
- b) Where a municipal council has decided that a specific asset is not needed to provide the minimum level of basic services, a transfer of ownership of an asset must be fair, equitable, transparent, competitive and consistent with the municipality's supply chain management policy.

Where assets have been identified as under-performing, or no longer functionally suited for basic service-delivery needs, consideration should be given to the possible alternatives to disposal.

A factor to consider is whether utilisation can be increased (for example by adapting the asset to another function or using it in another programme).

The cost benefit of such alternatives should be included in the disposal strategy.

Reasonable grounds for determining that a capital asset is not required for the provision of the minimum level of basic municipal services may include:

- a) The asset was acquired specifically for resale or distribution, e.g. investment property or stands held for distribution
- b) The asset is impaired (in respect of which the asset custodian can provide evidence).
- c) The municipality no longer performs the function for which the asset was purchased, e.g. the case of a clinic where the province has taken over that healthcare function.
- d) It is an immovable asset no longer located close to where the service is required, e.g. a taxi rank on a disused road.
- e) The asset has been replaced.
- f) The asset no longer performs the required level of service.

Processes should be in place to ensure that:

- a) under-utilised and under-performing assets are identified as part of a regular systematic review process;
- b) the reasons for under-utilisation or poor performance are critically examined, and corrective action taken to remedy the situation or a decision to dispose of the asset is made;
- c) the analysis of disposal methods takes into consideration the potential market or other intrinsic values; the location and volume of assets to be disposed of; the ability to support other government programmes; and environmental implications;
- d) regular evaluation of disposal performance is undertaken.

To ensure that a disposal is fair, equitable, transparent and competitive, the

Following should happen:

- a) The supply chain management policy should state the mechanism for determining the market value for different types of assets.
- b) The process should be open to the public and public scrutiny.

- c) Consideration should be given to the fair market value of the asset, and to the economic and community value to be received in exchange for the asset.
- d) Reasonable efforts should be made to ensure that an appropriately competitive process for disposal is adopted.

Council or the municipal manager (where delegated) will need to know what the expected market price is in order to demonstrate that it has considered the market value of that asset.

In compliance with the principles and prescriptions of the MFMA, the transfer of ownership of any asset shall be fair, equitable, transparent, competitive and consistent with the Municipality's supply chain management policy.

Every Functional Head shall report in writing to the CFO on 31 October and 30 April of each financial year, on all assets controlled or used by the Department concerned which such Functional Head wishes to alienate by public auction or public tender. The CFO shall thereafter consolidate the requests received from the various Departments, and shall promptly report such consolidated information to the Enoch Mgijima Municipality or the Municipal Manager, as the case may be, recommending the process of alienation to be adopted.

The disposal of capital assets must be dealt with in terms of Section 14 of the Municipal Finance Management Act in conjunction with the relevant delegated powers as approved by Council from time to time.

Once the assets are alienated, the CFO shall delete the relevant records from the assets register.

If the proceeds of the alienation are less than the carrying value recorded in the assets register, such difference shall be recognised as a loss in the income statement of the vote concerned.

If the proceeds of the alienation, on the other hand, are more than the carrying value of the asset concerned, the difference shall be recognised as a gain in the income statement of the vote concerned.

All gains realised on the alienation of assets shall be appropriated annually to the

Municipality's asset financing reserve (except in the cases outlined below), and all losses on the alienation of assets shall remain as expenses on the income statement of the vote concerned. If, however, both gains and losses arise in any one financial year in respect of the alienation of the assets of any vote, only the net gain (if any) on the alienation of such assets shall be appropriated.

Transfer of assets to other municipalities, municipal entities (whether or not under the Municipality's sole or partial control) or other organs of state shall take place in accordance with the above procedures, except that the process of alienation shall be by private treaty.

## **8 Transfer of property plant and equipment**

### **8.1 *Permanent transfers to another Functional Head***

- a) The Functional Head retains managerial accountability and control for a particular asset unless;
  - i. Another Functional Head agrees in writing to accept responsibility for that assets, and
  - ii. The asset manager or his/her nominee endorses this transfer.
- b) The Finance Department appropriately amends the Assets Register for all approved transfers.
- c) The new Functional Head assumes all the accountabilities of the previous Functional Head.

### **8.2 *Relocation or Reassignment of Property, Plant or Equipment***

- a) The Functional Head must ensure that the asset is appropriately safeguarded for loss,damage or misuse wherever it is located. Safeguarding includes ensuring reasonable physical restrictions.
- b) The Functional Head must advise the CFO whenever an asset is permanently relocated or reassigned from the location (or base) or cost centre recorded in the Assets Register.
- c) The Functional Head must advise the CFO whenever an asset is temporarily relocated or reassigned from the location (or base) or cost centre recorded in the Asset Register. In this case, the Functional Head must also advise the CFO when this asset is returned.

## **9 Assets to be Written Off**

- a) An asset, even though fully depreciated shall be written off only on the recommendation of the Functional Head controlling or using the asset concerned, and with the approval of the Enoch Mgijima Council.

- b) In cases where assets are disposed, the asset will be disposed in the fixed asset register on the date of the auction/ disposal even though the Council approval may be at an earlier date.
- c) In cases where assets are written-off (Not auctioned), the asset will be written-off in the fixed asset register on the date of the Council resolution or as the Council determines.
- d) Every Functional Head shall provide the CFO, before year end, with a list of all assets, which they wish to have written off, stating in full the reason for such recommendation.
- e) The CFO shall consolidate all such reports, and shall promptly submit a recommendation to the Enoch Mgijima Council on the assets to be written off.
- f) The normal disposal of written-off assets is through auction but the Enoch Mgijima Council may decide on any other method as deemed fit in line with Enoch Mgijima's supply chain management policy. Writing off of assets not fully depreciated should be avoided since there is direct financial implication on operating revenue. Preferably, fully depreciated assets may be written off. In every instance where a not fully depreciated asset is written off, the CFO shall effect such accounting adjustments in terms of appropriate accounting standards.

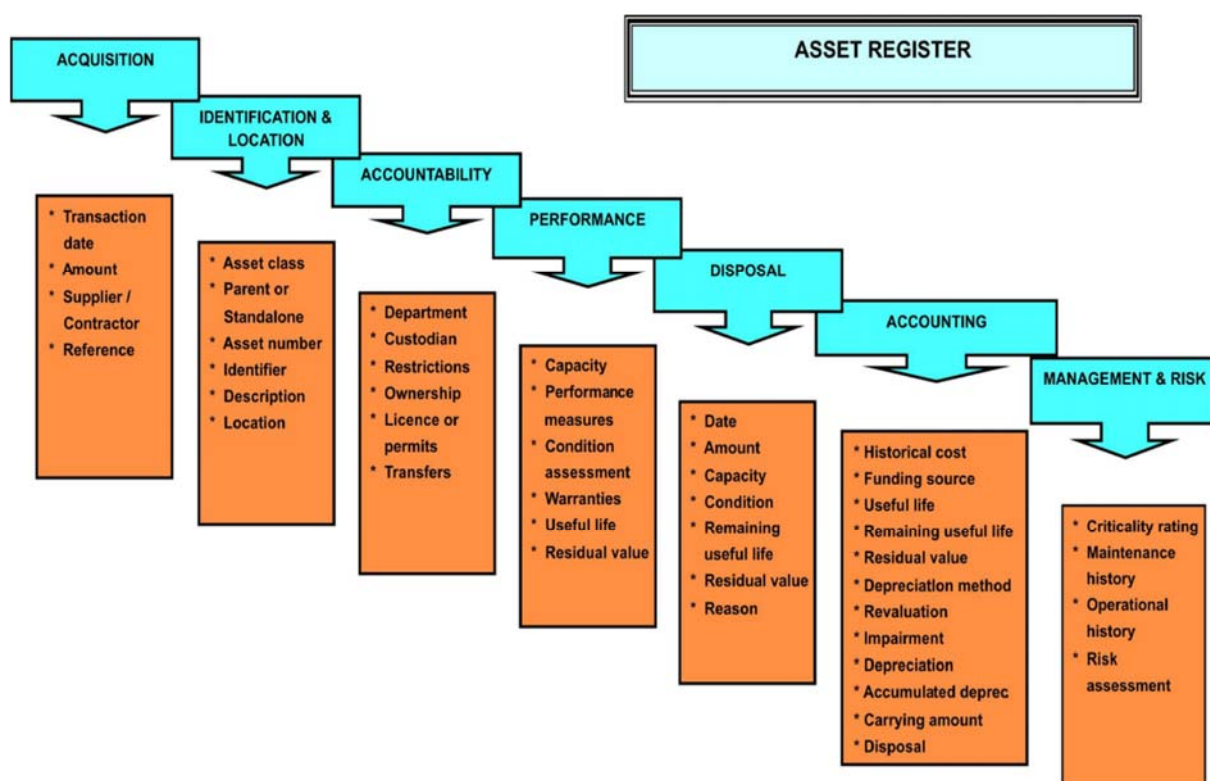
## **10 The Required format of the Asset Register**

The assets register shall be maintained in the format determined by the CFO, which format shall comply with the requirements of generally recognised accounting practice (GRAP).

The assets register shall reflect the following information:

- a) A brief but meaningful description of each asset.
- b) The date on which the asset was acquired or brought into use.
- c) The location of the asset.
- d) The vote(s) within which the assets will be used.
- e) The title deed number, in the case of property.
- f) The stand number, in the case of property.
- g) The original cost, or the re-valued amount determined in compliance with the policy or the fair value if no costs are available.
- h) The (last) revaluation date of the assets subject to revaluation.
- i) The re-valued value of such assets.
- j) References to supporting documentation to support re-valuation
- k) Accumulated depreciation to date.
- l) The depreciation charge for the current financial year.
- m) The carrying value of the asset.
- n) The method and rate of depreciation.
- o) Accumulated impairment losses to date

- p) Impairment losses incurred during the financial year (and the reversal of such losses, where applicable)
- q) The source of financing.
- r) The current insurance arrangements.
- s) Whether the asset is required to perform basic municipal services.
- t) Whether the asset has been used to secure any debt, and – if so – the nature and duration of such security arrangements.
- u) The date on which the asset is disposed/written-off.
- v) The disposal price.
- w) The date on which the asset is removed from operations, if not disposed of.
- These fields have been depicted in pictorially to indicate and show their importance

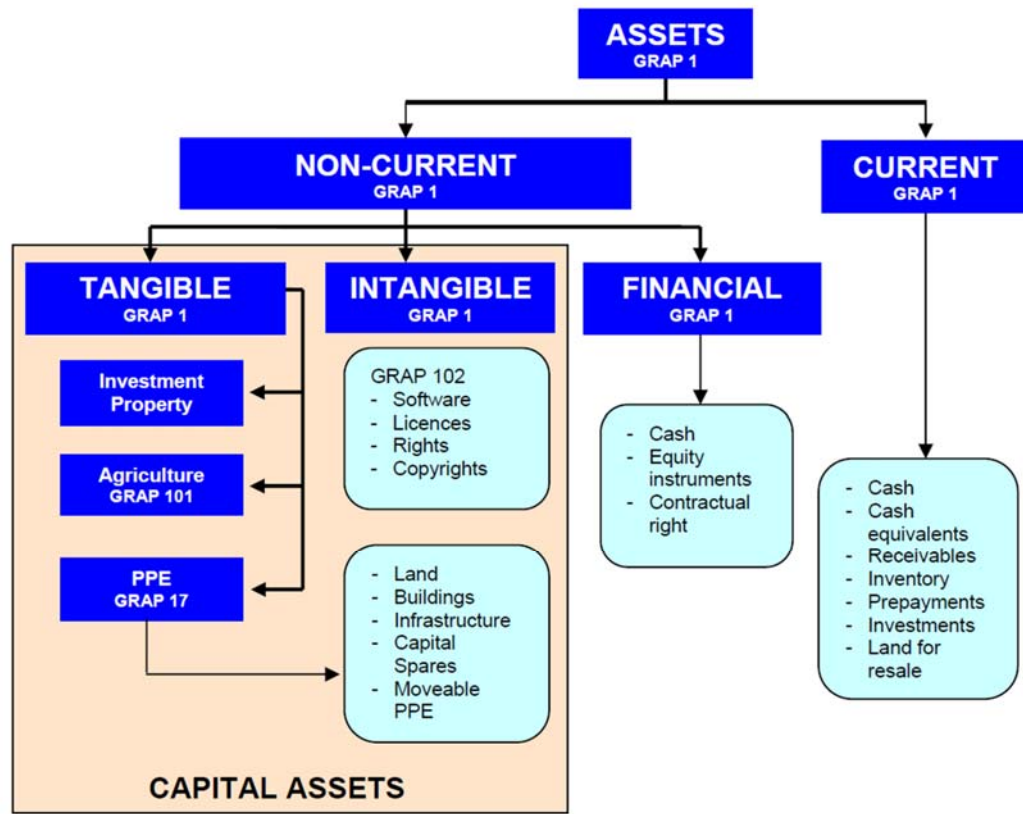


An asset shall be capitalised, that is, recorded in the assets register, as soon as it is acquired. If the asset is constructed over a period of time, it shall be recorded as Work In Progress until it is available for use, where after it shall be appropriately capitalised as an asset. An asset shall remain in the assets register for as long as it is in physical existence. The fact that an asset has been fully depreciated shall not in itself be a reason for writing off such an asset.

## 11. Classification of Assets

When accounting for capital assets, municipalities should follow the various standards of GRAP relating to the capital assets. The diagram below indicates the various standards

that impact the accounting for capital assets as well as the relation between the capital assets and other assets.



Class of Property, Plant and Equipment means a grouping of assets of a similar nature or function in an entity's operations that is shown as a single item for the purpose of disclosure in the financial statements. (GRAP 17) (This definition of class applies to all capital assets.)

Class of assets is also sometimes referred to as the asset hierarchy.

In compliance with the requirements of the National Treasury, the CFO shall ensure that all assets are classified under the following headings in the assets register, and Functional Heads shall in writing provide the CFO with such information or assistance as is required to compile the proper classification

## 12. Property, Plant and Equipment



- a) Land (not held as investment assets)
- b) Infrastructure assets (assets which are of a network of similar assets)
- c) Community assets (resources contributing to the general wellbeing of the community)
- d) Movable assets (ordinary operational resources)
  - i. vehicles
  - ii. furniture
  - iii. office equipment
  - iv. computer equipment
  - v. mobile plant

**12.1 Inventory** (*Housing (rental stock or housing stock not held for capital gain)*)

Any land or buildings owned or acquired by the Municipality with the intention of selling such property in the ordinary course of business, or any land or buildings owned or acquired by the Municipality with the intention of developing such property for the purpose of selling it in the ordinary course of business, shall be accounted for as inventory, and not included in either property, plant and equipment or investment property in the Municipality's statement of position.

Such inventories shall, however, be recorded in the assets register in the same manner as other assets, but a separate section of the assets register shall be maintained for this purpose.

This could include the following types of properties:

- RDP related housing schemes
- Sub-economical Housing selling schemes.

**12.2 Investment Property** (*Investment assets /resources held for capital gain*)

- a) The CFO shall adhere to the classifications and useful lives stipulated in the Local Government Capital Asset Management Guideline, and in the case of an asset not appearing under the asset lives listing, the CFO shall use the classification applicable to the asset most closely comparable to the asset in question.
- b) Investment assets shall be accounted for in terms of GRAP 16 and shall not be classified as property, plant and equipment for purposes of preparing the Municipality's statement of position.
- c) Investment assets shall comprise land or buildings (or s of buildings) or both held by the Municipality, as the owner or as lessee under a lease, to earn rental revenues or for capital appreciation or both.
- d) Investment assets shall be recorded in the assets register in the same manner as other assets, but a separate section of the assets register shall be maintained for this purpose.

- e) Investment property shall be measured initially at its cost. Where an investment property is acquired at no cost, or for a nominal cost, its cost will be its fair value as at the date of acquisition.

Investment property is carried at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is provided to write down the cost, less estimated residual value by equal installments over the useful life of the property, which is as follows:

Item	Useful life
Property - land	indefinite
Property - buildings	

The following are examples of investment property:

(a) land held for long-term capital appreciation rather than for disposal, e.g. through sale or transfer, in the ordinary course of operations. For example, land held by a hospital for capital appreciation which may be sold at a beneficial time in the future;

(b) Land held for a currently undetermined future use. Land is held for a currently undetermined future use when: GRAP 16 Issued February 2010 11 Investment Property

(i) An entity has not determined that it will use the land as owner-occupied property.

(ii) An entity does not hold the land for sale in the ordinary course of operations.

(iii) An entity has not determined that it holds the land for strategic purposes as outlined in paragraph

- If the Enoch Mgijima Council resolves to construct or develop a property for future use as an investment property, such property shall in every respect be accounted for as an ordinary asset until it is ready for its intended use – where after it shall be reclassified as an investment asset.

### **12.3 Heritage Assets**

If no original costs or fair values are available in the case of one or more or all heritage assets, the CFO may, if it is believed that the determination of a fair value for the assets in question will be a laborious or expensive undertaking, record such asset or assets in the assets register without an indication of the costs or fair value concerned. For balance sheet purposes, the existence of such heritage assets shall be disclosed by means of an appropriate note

#### **12.4 Movable Assets**

Movable assets are all assets with a life cycle of greater than one year and above the capitalisation threshold (where applicable). For example, this would include property, plant and equipment and intangible assets.

#### **12.5 Donates Assets**

Where an asset is donated to the Municipality or an asset is acquired by means of an exchange of assets between the Municipality and entities, the asset concerned shall be recorded in the assets register at its fair value, as determined by the CFO.

### **13 Assets Accounting and Reporting**

#### **13.1 Definition and recognition criteria for assets**

A capital asset should be recognised as an asset in the financial and asset records when:

- a. it is probable that future economic benefits or potential service delivery associated with the item will flow to the municipality;
- b. the cost or fair value of the item to the municipality can be measured reliably;
- c. the cost is above any municipal capitalisation threshold (if any); and
- d. the item is expected to be used during more than one financial year.

#### **13.2 Capitalisation Criteria: Material Value**

- a) Buildings, infrastructure, all fixtures and other tangible and non-tangible assets of a non – consumable nature of which the value is R1 000 and more, and the normal expected life of which is one year and more will be treated as fixed assets and be capitalised as such; and
- b) All tangible property with a value of less than R1 000 will be funded from the capital budget and included in the fixed asset register for control purposes, but depreciated in full in the year of acquisition. These assets will therefore be recorded in the fixed asset register at a carrying value of R1.

#### **13.3 Capitalisation Criteria: Reinstatement, Maintenance and other expenses**

- a) Only expenses incurred in the enhancement of an asset (in the form of improved or increased services or benefits flowing from the use of such asset) or expenses incurred in the material extension of the useful operating life of an asset shall be capitalised.
- b) Expenses incurred in the maintenance or reinstatement of an asset shall be considered as operating expenses incurred, in ensuring that the useful operating life of the asset concerned is attained, and shall not be capitalised, irrespective of the quantum of the expenses concerned.

- c) Expenses, which are reasonably ancillary to bringing into operation of an asset, may be capitalised as of such asset. Such expenses may include but need not be limited to import duties, forward cover costs, transportation costs, and installation, assembly and communication costs.

#### 13.4 Depreciation of Assets

- a) All assets, except land and heritage assets, shall be depreciated or amortised in the case of intangible assets.
- b) Depreciation may be defined as the monetary quantification of the extent to which an asset is used or consumed in the provision of economic benefits or the delivery of services.
- c) Depreciation shall generally take the form of an expense both calculated and debited on a monthly basis against the appropriate line item in the vote in which the asset is used or consumed.
- d) However, depreciation shall initially be calculated from the day following the day in which an asset is acquired or – in the case of construction works and plant and machinery – the day following the day in which the asset is brought into use, until the end of the calendar month concerned. Thereafter, depreciation charges shall be calculated monthly.
- e) Each Functional Head, acting in consultation with the CFO, shall ensure that reasonable budgetary provision is made annually for the depreciation of all applicable assets controlled or used by the Department in question or expected to be so controlled or used during the ensuing financial year.
- f) The procedures to be followed in accounting and budgeting for the paying back of intangible assets shall be identical to those applying to the depreciation of other assets.

#### 13.5 Rate of Depreciation

- a) The CFO shall assign a useful operating life to each depreciable asset recorded on the Municipality's assets register. In determining such a useful life, the CFO shall adhere to the useful lives set out in terms of The Local Government Capital Asset Management Guideline.
- b) In the case of an asset which is not listed in this annexure, the CFO shall determine a useful operating life, if necessary in consultation with the Functional Head who shall control or use the asset in question, and shall be guided in determining such useful life by the likely pattern in which the asset's economic benefits or service potential will be consumed.

### 13.6 Method of Depreciation

- a) The CFO shall depreciate all depreciable assets on the straight-line method of depreciation over the assigned useful operating life of the asset in question.

### **13.7 Impairment Review**

- a) Impairment is a loss in the future economic benefits or service potential of an asset, over and above depreciation.
- b) Impairment means the carrying amount of an asset exceeds its recoverable amount or recoverable service amount. Indications for impairment should be assessed at each reporting date.
- c) Cash-generating assets are those that are held to generate a commercial return.
- d) An asset generates a commercial return when it is deployed in a manner consistent with that Non-cash-generating assets are assets other than cash-generating assets
- e) The municipality will undertake the following when determining or considering impairing their assets:
  - i. Review External Sources to determine if there are significant long-term changes in technology, market, economic, government or legal environment have taken place or will take place in the near future.
  - ii. Review Internal Sources to determine if;
    - a. There is evidence of the obsolescence of or physical damage to an asset.
    - b. Significant long-term changes in the operational environment will impact on the future expected use of the asset, e.g. discontinued operations, early disposal or reassessment of useful life.
    - c. There is internal reporting that indicates worse than expected economic and/or service performance in respect of an asset or specific assets.
    - d. Assets with significantly decreased remaining useful lives (includes various types of obsolesces);
    - e. Assets with significantly decreased residual values
    - f. Asset with significantly decreased replacement costs.

#### **13.7.1 Specific to non-cash-generating assets**

- Review external sources to determine if there is cessation, or near cessation, of the demand or need for services provided by the asset.

- Review internal sources to determine if a decision was taken to halt the construction of the asset before it is complete or in a usable condition.

### **13.7.2 Specific to cash-generating assets**

a) Review external sources to determine the following:

- The market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating an asset's value in use and materially decrease the asset's recoverable amount.
- If an asset's market value has declined significantly during the reporting period, more than would have been expected as a result of the passage of time or normal use.

The impairment reduction should be recognised as an immediate expense, unless it reverses a previous revaluation in which case it should be charged to a "revaluation surplus". It is then necessary to link each asset to its impact on the "revaluation surplus" because a revaluation is usually based upon a class of assets whereas impairment could affect a single asset or class of assets. If an asset is impaired it should be written down to its recoverable amount.

### **13.8 Amendment of Asset Useful lives**

- Only the CFO may amend the useful operating life assigned to any asset.
- The CFO shall amend the useful operating life assigned to any asset if it becomes known that such asset has been materially impaired or improperly maintained to such an extent that its useful operating life will not be attained, or any other event has occurred which materially affects the pattern in which the asset's economic benefits or service potential will be consumed.
- If the value of an asset has been diminished to such an extent that, it has no or a negligible further useful operating life or value, such asset shall be dealt with in terms of the appropriate accounting standards.
- Similarly, if an asset has been lost, stolen or damaged beyond repair, it shall be fully depreciated in the financial year in which such event occurs, and if the asset has physically ceased to exist, it shall be written off from the assets register.
- In all the foregoing instances, any accounting adjustments shall be dealt with in terms of the appropriate accounting standards.
- If any of the foregoing events arises in the case of a normally non-depreciable asset, and such asset has been capitalised at a value other than a purely nominal value, such asset shall be fully depreciated, as the case may be, as though it were an ordinary depreciable asset.

### **13.9 *Alternative Methods of Depreciation in Specific Instances***

- a) The CFO may employ the sum of units method of depreciation in the case of assets which are physically wasted in providing economic benefits or delivering services.
- b) The CFO shall only employ this method of depreciation if the Functional Head controlling or using the asset in question gives a written undertaking to the Municipal Manager to provide:
  - i. estimates of statistical information required by the CFO to prepare estimates of depreciation expenses for each financial year; and
  - ii. actual statistical information, for each financial year.
- c) The Functional Head concerned shall moreover undertake to provide such statistical information at the specific times stipulated by the CFO.
- d) Where the CFO decides to employ the sum of units method of depreciation, and the requirements set out in the preceding paragraph have been adhered to, the CFO shall inform the Enoch Mgijima of such decision.

### **13.10 *Carrying Value for Assets***

All assets shall be carried in the assets register, and appropriately recorded in the annual financial statements, at their original cost or fair value less any accumulated depreciation. The only exceptions to this rule shall be re-valued assets and heritage assets in respect of which no value is recorded in the assets register.

### **13.11 *Revaluation of Assets***

When assets are carried at revalued amounts, an impairment loss is treated as a revaluation decrease – i.e. is recognised in the revaluation reserve to the extent of a revaluation surplus available. The reversal of an impairment loss previously recognised, should be treated as a revaluation increase – i.e. is recognised in the revaluation reserve (unless it is first recognised in surplus or deficit to reverse a previous impairment loss recognised in surplus or deficit, in which case, only any excess will be recognised in the revaluation reserve).

### **13.12 *Asset Verification***

The asset management shall at least once a year during every financial year undertake a comprehensive verification of all movable assets controlled or used by the Municipality. Verification of immovable assets shall be done over a three year cycle.

Physical verification procedures:

- a) Prior identification of all locations at which assets are located.

- b) Areas to be counted are allocated to teams of counters.
- c) A systematic approach is taken to ensure a full physical verification (assets should not be omitted or double counted).
- d) All assets are verified at the same time to ensure no movement takes place to cover irregularities and avoid any double counting or omissions.
- e) In the event that verification cannot be performed at the same time, processes are put into place to ensure as little movement of the assets as possible and very strict written authorisation where movements are required.
- f) Before physical verification commences counters should be given written instructions on the verification procedures. Verbal instructions are given to reinforce the written instructions and to ensure that the counters understand the procedures, know what is required and are familiar with follow-up procedures for resolving variances.
- g) The instructions clearly delineate the roles and responsibilities of all involved in the physical verification process. A practice asset verification session to illustrate the procedures may be helpful for those who have not previously participated in a physical count.
- h) Responsibility for the control of the physical verification rests with the asset count supervisor. The supervisor oversees the process to ensure that counting is carried out and that counters are following the procedures laid down.
- i) The asset count supervisor, together with the asset manager, secures (in advance to ensure availability) staff (other than members of the Asset Management Team (AMT)) to participate in the physical verification procedure as well as independent observers (individuals not ordinarily involved in asset management, for example the internal auditors).
- j) The master listing of assets should be available for verification and includes the following information:
  - i. Asset number;
  - ii. Description;
  - iii. Serial number;
  - iv. Last known location;
  - v. Custodian;
  - vi. Space for condition assessment.
  - vii. Previous condition recorded
- k) On the day prior to the physical verification procedure, the responsible AMT member verifies that:
  - i. all assets received on the day are entered into the system and, where applicable, a barcode label affixed;



- ii. all movements in the assets under their control throughout the period of review are updated and fully accounted for on the system, and that barcode labels are affixed.
- l) On the day of the count:
  - i. staff conducting the physical verification:-
    - are assigned areas to count;
    - are provided with the master listing of the assets;
    - verify the assets within the assigned areas, taking care to identify the assets correctly;
    - mark assets/attractive items once they have been counted to ensure they are only counted once;
    - investigate discrepancies as directed by the supervisor and recount assets as requested

#### **13.13 Replacement Norms**

- a) The Municipal Manager, in consultation with the CFO and other Heads of Departments, shall formulate norms and standards for the replacement of all normal operational assets.
- b) Such norms and standards shall be incorporated in a formal policy, which shall be submitted to the Enoch Mgijima Council for approval. This policy shall cover the replacement of motor vehicles, furniture and fittings, computer equipment, and any other appropriate operational items. Such policy shall also provide for the replacement of assets which are required for service delivery but which have become uneconomical to maintain.

#### **13.14 Insurance of Assets**

- a) Movable assets shall be insured from date of delivery. The Municipal manager shall ensure that all movable assets are insured at least against fire and theft, and that all municipal buildings are insured at least against fire and allied perils.
- b) If the Municipality operates a self-insurance reserve (assuming such reserve to be allowed), the CFO shall annually determine the premiums payable by the Departments or votes after having received a list of the assets and insurable values of all relevant assets from the Functional Heads concerned.
- c) The Municipal Manager shall recommend to the Enoch Mgijima Council, after consulting with the CFO, the basis of the insurance to be applied to each type of asset: either the carrying value or the replacement value of the assets concerned. Such recommendation shall take due cognisance of the budgetary resources of the Municipality.

- d) The CFO shall annually submit a report to the ENOCH MGIIJIMA MUNICIPALITY Council on any reinsurance cover which it is deemed necessary to procure for the Municipality's self-insurance reserved.

#### 13.15 Work In Progress

- a) Halted projects now will be reported in the notes of the AFS.

Technical service shall at year end indicate to the asset management section which project are halted for how long and the reasons for thereto. Impairment test should be conducted on such assets.

#### 13.16 Standard operating procedure when an employee or employer terminate employment.

**The employees' responsibility before the date of termination is to;**

1. Disclose all assets under his/her custody on the asset transferee form.
2. Must give the asset transferee form accompanied by the assets to the IT manager (hand delivery).

**The responsibility of IT manager before the pension, leave pay and the last salary is made to the employee.**

3. Confirm receipt of the assets in working order.
4. Confirm if all the tools of trade have been returned.

**The responsibility of HR manager before the pension, leave pay and the last salary is made to the employee.**

5. To have all the documentation from IT Manager before authorising the payment.

## 14 Asset Useful lives

Local Government Capital Asset Management Guideline has the following asset useful lives as a guideline for municipalities. These should be used as a guide to the minimum useful lives only because actual asset lives experienced greatly exceed those recommend lives.

- a) Each Asset Controller, verifying assets, needs to determine the useful life of a particular item of property, plant and equipment (using these recommendations as a guide);
- b) The useful life of the item of property, plant and equipment should be reviewed annually.

## Classes of Assets

c)

USEFUL LIFE IN YEARS		
MIN		MAX

### PROPERTY, PLANT AND EQUIPMENT

#### LAND

Developed land	N/A
Undeveloped land	N/A

#### BUILDINGS

##### DWELLINGS

Caravans	5	-	10
Children's homes	25	-	30
Foreign mission dwellings	25	-	30
Homes for the aged	25		30
Hostels	25	-	30
Military personnel dwellings	25	-	30
Mobile homes	5	-	10
Places of safety (children)	25	-	30
Prisons and rehabilitation facilities	25	-	30
Residences (presidential, embassies)	25	-	30
Residences (personnel) include garages and parking	25	-	30
Secure care centres	25	-	30

##### NON RESIDENTIAL DWELLINGS

Airport and associated buildings (control towers, transfer halls, parking, hangars and warehousing)	25	-	30
Border and custom control points	25	-	30
Bus terminals	25	-	30
Bus shelters	10	-	15

USEFUL LIFE IN YEARS			
	MIN		MAX
Civic theatres	25	-	30
Clinics and community health facilities	25	-	30
Community centres and public entertainment buildings	25	-	30
Driver and vehicle testing centres	25	-	30
Fire stations	25	-	30
Foreign mission offices	25		30
Hospitals and ambulance stations	25	-	30
Industrial buildings	20	-	30
Laboratories	25	-	30
Libraries	25	-	30
Mortuaries	25	-	30
Museums and art galleries	25	-	30
Office buildings (including air conditioning systems)	25	-	30
Public parking (covered and open)	25	-	30
Police stations (and associated buildings)	25	-	30
Railway and associated buildings	25	-	30
Research facilities (including weather)	25	-	30
Stadiums	25	-	30
Taxi ranks	10	-	15
Universities, colleges, schools etc.	25	-	30
Warehouses (storage facilities, including data)	25	-	30

#### OTHER STRUCTURES (INFRASTRUCTURE ASSETS)

##### ELECTRICITY

Cooling towers	25	-	30
Mains	15	-	20
Meters			
Prepaid	10	-	20

Credit	20	-	25
Power stations			
Coal	50	-	60
Gas	50	-	60
Hydro	50	-	60
Nuclear	60	-	80
Supply/reticulation	15	-	25
Transformers	25	-	50
Lines			
Underground	25	-	45
Overhead	20	-	30
Cables	25	-	45
Substations			
Switchgear	20	-	30
Equipment			
Outdoor	20	-	30
GIS	15	-	30
Indoor	30	-	40
Electrical panels	3	-	5
Telemetry	7	-	15

USEFUL LIFE IN YEARS		
MIN		MAX

## **ROADS (Roads, Pavements, Bridges & Storm Water)**

### **BRIDGES**

#### Vehicle

Bridges - Concrete

Bridges - Steel

Bridges - Timber

#### Pedestrian

Bridges - Concrete

Bridges – Steel

Bridges – Timber

#### Railway

Bridges - Concrete

Bridges – Steel

Bridges - Timber

#### Reinforced retaining walls

Earth

Concrete

#### Expansion and construction joints

### **STORM WATER**

#### Culverts

Concrete

Armco

#### Drains

Earthworks

Concrete lining

#### Stop banks

#### Pipes

60	-	80
40	-	50
25	-	40
60	-	80
40	-	50
25	-	40
60	-	80
40	-	50
25	-	40
10	-	15
25	-	30
15	-	20
25	-	40
40	-	60
25	-	40
80	-	100
25	-	50
40	-	50
25	-	50

Coastal			
Structure (Retaining walls)	20	-	40
Piers	60	-	80
Storm water outfalls	60	-	80
<b>ROADS</b>			
Kerb and channels	40	-	50
Municipal roads - Asphalt surface	10	-	20
- Asphalt layer	30	-	50
- Concrete surface	10	-	30
- Concrete layer	30	-	50
- Gravel surface	3	-	10
National roads - Asphalt surface	10	-	20
- Asphalt layer	30	-	50
- Concrete surface	10	-	30
- Concrete layer	30	-	50
- Gravel surface	3	-	10
Provincial roads - Asphalt surface	10	-	20
- Asphalt layer	30	-	50
- Concrete surface	10	-	30

USEFUL LIFE IN YEARS		
MIN		MAX
- Concrete layer	30	- 50
- Gravel surface	3	- 10
Crash barriers	10	- 30
Retaining walls	30	- 60
Overload control centres	15	- 20
Electronic hardware	10	- 15
Other equipment	10	- 20
Pedestrian footpaths	15	- 30
Street lighting	25	- 40
Subways	40	- 50
Traffic islands	40	- 50
Traffic lights	15	- 20
Traffic lights – coastal	10	- 15
Traffic signs	5	- 15
Toll road plazas	20	- 30

## AIRPORTS

Airports and radio beacons	25	-	30
Aprons	25	-	30
Runways	15	-	20
Taxiways	15	-	20
Specialised equipment			
Luggage movement equipment	20	-	25
Communication equipment	10	-	15

## WATER

Dams			
Structure			



- concrete	80	-	100
- earth	30	-	50
Mechanical and electrical	15	-	40
Meters	10	-	20
Standpipes	5	-	20
Metalwork (steel stairs, ladders, handrails, weirs)	10	-	30
Pump stations			
Structure	30	-	55
Electrical	15	-	40
Mechanical	15	-	40
Perimeter protection	10	-	25
Reservoirs			
Structure	30	-	50
Electrical	15	-	40
Mechanical	15	-	40
Perimeter protection	10	-	25
Supply/reticulation	20	-	50
Underground chambers			
Valves	15	-	25
Meters	10	-	20
Transition	10	-	15

USEFUL LIFE IN YEARS		
MIN		MAX
Other	5	- 10
Water purification works		
Structure	30	- 55
Electrical	15	- 40
Mechanical	15	- 40
Perimeter protection	10	- 25
Meters	10	- 15
Telemetry	10	- 15

### SEWERAGE

Bulk pipelines (outfall sewers)			
Rising mains	40	-	50
Gravity mains	40	-	50
Sewerage pump stations			
Structure	30	-	55
Electrical	15	-	40
Mechanical	15	-	40
Perimeter protection	10	-	25
Metalwork	10	-	30
Sewers/reticulation	30	-	60
Waste purification works			
Structure	30	-	55
Electrical	15	-	40
Mechanical	15	-	40
Perimeter protection	10	-	25
Meters	10	-	15

### SOLID WASTE DISPOSAL

Collection			
Vehicles	5	-	10

Containers/Bins	10	-	15
Transfer stations and processing facilities			
Structure	30	-	55
Electrical	15	-	40
Mechanical	15	-	40
Perimeter protection	10	-	25
Landfill site			
Earthmoving and compaction equipment	10	-	15
Landfill preparation	NA		
Structure	30	-	55
Weighbridge			
Mechanical	15	-	40
Electrical	15	-	40
Perimeter protection	10	-	25

## RAILWAYS

Power supply units	25		30
Railway sidings	25	-	30
Railway tracks	15	-	20

USEFUL LIFE IN YEARS		
MIN		MAX
15		20
25		30

Signalling systems

Shunting yards

#### **GAS SUPPLY SYSTEMS**

Structure

Electrical

Mechanical

Perimeter protection

Stations

Trunk receiving

District regulating

Mains/pipelines

Meters

Storage facilities

Supply/reticulation

40	-	50
20	-	25
20	-	25
10	-	15
40	-	50
40	-	50
15	-	20
15	-	20
15	-	20
15	-	20

#### **CEMETERIES**

25	-	30
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#### **CAPITAL/INFRASTRUCTURE WORK IN PROGRESS**

N/A

Buildings

Infrastructure

Other

#### **OTHER MACHINERY AND EQUIPMENT**

Audiovisual equipment

Building air conditioning systems

Cellular phones (over R5 000)

Cellular routers

Domestic equipment (non kitchen appliances)

Electric wire and power distribution equipment  
(compressors, generators & allied equipment)

Emergency/rescue equipment

5	-	10
10	-	5
0	-	2
3	-	
3	-	5
5	-	7
5	-	10

Elevator systems	15	-	20
Farm/Agricultural equipment	5	-	15
Fire Fighting equipment	3	-	5
Gardening equipment	2	-	4
Irrigation equipment	10	-	15
Kitchen appliances	5	-	10
Laboratory equipment - Agricultural	5	-	7
- Medical testing	5	-	7
- Roads and transport	5	-	7
Laundry equipment and industrial sewing machines	10	-	15
Learning, training support and library material (curriculum equipment)	5	-	10
Machines for metallurgy	5	-	10
Machines for mining and quarrying	5	-	10
Machines for textile production	10	-	15
Medical and allied equipment	5	-	10
Music instruments	10	-	15
Photographic equipment	5	-	7

USEFUL LIFE IN YEARS		
MIN		MAX
Pumps, plumbing, purification and sanitation equipment	5	- 10
Radio equipment	5	- 7
Road construction and maintenance equipment	10	- 15
Saddles and other tack	5	- 7
Security equipment/systems/ materials - Fixed	3	- 5
- Movable	3	- 5
Ship and marine equipment	5	- 10
Sport and recreational equipment	5	- 10
Survey equipment	5	- 7
Telecommunication equipment	3	- 5
Tents, flags and accessories	5	- 10
Woodworking machinery and equipment	5	- 10
Workshop equipment and loose tools - Fixed	5	- 10
- Movable	3	- 5

#### FURNITURE AND OFFICE EQUIPMENT

Advertising boards	3	-	5
Air conditioners (individual fixed & portable)	3	-	5
Cutlery and crockery	5	-	10
Domestic and hostel furniture	10	-	15
Linen and soft furnishings	5	-	10
Office equipment (including fax machines)	5	-	7
Office furniture	5	-	7
Paintings, sculptures, ornaments (home and office)	5	-	10

#### COMPUTER EQUIPMENT

Computer hardware including operating systems	3	-	5
Networks	5	-	10

#### TRANSPORT ASSETS

Aircraft	10	-	15
Aircraft engines	5	-	7
Airport transport equipment (stairs and luggage)	10	-	15
Busses	10	-	15
Cycles	4	-	7
Emergency vehicles (Ambulances and fire engines)	5	-	10
Mobile clinics	10	-	15
Motor vehicles	4	-	7
Railway rolling stock	10	-	15
Ships	15	-	20
Ships engines	5	-	7
Trailers and accessories	5	-	10
Trucks	5	-	7

#### HERITAGE ASSETS

Archives	N/A	
Areas of land of historic or specific significance (i.e. world heritage site)	N/A	

USEFUL LIFE IN YEARS		
MIN		MAX
Culturally significant buildings (parliamentary buildings)	N/A	
National monuments	N/A	
National parks/reserves (i.e. Kruger Park)	N/A	
Paintings	N/A	
Sculptures	N/A	
Municipal jewellery	N/A	
Works of art	N/A	
Other antiques and collections	N/A	

## BIOLOGICAL OR CULTIVATED ASSETS

Dairy cattle	-	
Feathered animals (for eggs and feathers)	-	
Forests and plantations	-	
Fruit trees	-	
Game animals	-	
Animals for reproduction (cattle, goats, sheep, pigs)	-	
Animals for wool or milk (goats and sheep)	-	
Dogs (law enforcement and security)	-	
Horses (law enforcement and working)	-	
Plants (for production of seeds)	-	
Vines	-	
Other animals	-	



## INVESTMENT PROPERTY

### INTANGIBLE ASSETS

Capitalised development costs		-	
Computer software	2	-	5
Mastheads and publishing titles		-	
Patents, licences, copyrights, brand names and trademarks		-	
Recipes, formulae, prototypes, designs and models		-	
Service and operating rights		-	
Other intangibles		-	

ASSET TYPES		EUL	
HV Transformers			50
HV Lines			50
HV Cables		PLIC	50
		XPLE	45
HV Substation Equipment			50
MV Transformer			45
MV Cables & Lines			45
MV Substation and Switch Gear			45
LV Network			50
Network Management			20
Consumer Meters		prepaid	15
		credit	30
Telemetry			20
Buildings			60
Generation			40

**B**      **14.      Reassessment of depreciation methods, useful lives and residual values**  
**C**

- a) The depreciation method applied to an asset shall be reviewed at least at each reporting date. Any changes in the depreciation method should be accounted for as a change in accounting estimate in accordance with GRAP 3 on Accounting Policies, Changes in Accounting Estimates and Errors.
- b) Similarly, the estimate of the useful life and residual value of an asset should also be reviewed **at least at each reporting date**. Any changes in the estimated useful life or residual value of an asset should be accounted for as changes in accounting estimates and applied prospectively in accordance with GRAP 3 on Accounting Policies, Changes in Accounting Estimates and Errors.

**15. EFFECTIVE DATE**

The policy shall come to effect upon approval by Council.

**15.      POLICY ADOPTION**

This policy has been considered and approved by the COUNCIL OF ENOCH MGIIJIMA MUNICIPALITY as follows:

Resolution No:

Approval Date:

**BUDGET POLICIES**

In 2017, the municipality developed 15 Budget related policies. In 2018, some of these policies have been reviewed and workshopped.

The following is the list of these policies:

- 1. Budget Policy
- 2. Irregular, fruitless and wasteful expenditure
- 3. Credit Control Policy
- 4. Rates Policy
- 5. Tariff Policy
- 6. Fleet Management Policy
- 7. Indigent Policy
- 8. Land Disposal Policy
- 9. Asset Management Policy
- 10. Contract Management Policy

11. Account Payable Policy
12. Cask and Investment Management Policy
13. Rental Management Policy
14. SCM Policy
15. Investment Policy

The budget and budget related policies approved with the 2018/19 MTREF budget are obtainable at the Budget and Treasury Office of the Municipality and at the Municipal Manager's Office . These full policies are contained in the Appendix B to the Budget Document and forms part of the 2018/19 Budget Document.

## Quality Certificate

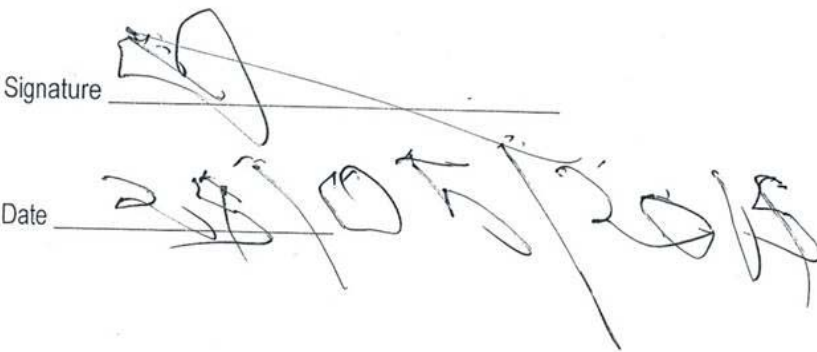
I, Chris Magwangana ,the Municipal Manager of Enoch Mgijima Local Municipality, hereby certify that the Budget and Supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the Budget and Supporting documentation are consistent with the Integrated Development Plan of the municipality.

Municipal Manager

Enoch Mgijima Local Municipality EC 139

Signature

Date

The image shows a handwritten signature and a date. The signature is written in black ink and is somewhat stylized. The date is written as '25/05/2018' in black ink. Both are written on a white background.